



February 2, 2018

Development Corporation

Board of Directors
Odessa Development Corporation

Re: Board Meeting - **Thursday, February 8, 2018 - 2:00 P.M.**

The attached Public Notice sets forth the agenda for February 8, 2018.

Item 1: Invocation.

Item 2: The Board will make a presentation to Charles Carlson.

Item 3: Consent Agenda:

- a. Minutes of January 11, 2018
- b. Financial and Investment Report
- c. Outside Agency Status Reports: CVA, UTPB-SBDC, MOTRAN, Economic Development Dept.-OCC including Summit Report, OHCC, OHCC-MI and Gulf Coast Waste Disposal

Item 4: Price Arredondo, Interim President of OHCC, will introduce himself and the MI International Relations coordinator and will discuss strategies.

Item 5: Agency presentation(s) not addressed in consent agenda.

Item 6: The Board will appoint board members to committees.

Item 7: The Board will discuss and consider the 2017 annual audit report for ODC.

Item 8: The Board will discuss and consider amendments to the Matrix for the ODC Development Finance Program Administrative Policy

Item 9: The sub-committee will present proposed amendments to the General Development Plan.

Item 10: Christi Callicoatte, CVA, will give a presentation on the Manufacturing Survey Results.

Item 11: The Board will consider the application of Yung Ham LLC (Crenshaw Carpet) for a downtown Façade Improvement Grant.

Item 12: Provides an opportunity for Board members to obtain and discuss information and reports regarding the following: Odessa Partnership - Meeting: January 18, 2018 Presentation by: Betsy Triplett-Hurt.

Item 13: The meeting will adjourn.

Sincerely,

Betsy Triplett-Hurt,
President

cc: Mayor and City Council
Compliance Committee (Agenda & Minutes)
Michael Marrero, Interim City Manager
Larry Long, City Attorney
Todd Stephens, Sr. Assistant City Attorney
Terri Gayhart, ODC Treasurer
Chris Cole, Compliance Committee Chairman

Norma Aguilar-Grimaldo, ODC Asst. Secretary
Odessa Hispanic Chamber of Commerce
Christi Callicoatte, CVA
Enrique Romero, UTPB-SBDC
Charles Harris, Gulf Coast Waste Disposal Authority
James Beauchamp, MOTRAN
Wesley Burnett, Director of Economic Development
Corey Paul, Odessa American



Development Corporation

PUBLIC NOTICE

In accordance with the Open Meetings Act, Chapter 551 of the Government Code of Texas, notice is hereby given to all interested persons that the Odessa Development Corporation will meet on **Thursday, February 8, 2018, at 2:00 p.m.**, at 411 West 8th Street, City Hall, in the Council Chambers, 5th Floor, Odessa, Texas, to consider the following items:

1. Invocation.
2. Presentation to Charles Carlson. (Board)
3. Consent Agenda
 - a. Minutes of January 11, 2018
 - b. Financial and Investment Report
 - c. Outside Agency Status Reports: CVA, UTPB-SBDC, MOTRAN, Economic Development Dept.-OCC including Summit Report, OHCC, OHCC-MI and Gulf Coast Waste Disposal
4. Introduction of the Interim President of Odessa Hispanic Chamber of Commerce and the MI International Relations coordinator and a discussion of strategies.
5. Agency presentation(s) not addressed in consent agenda.
6. Appoint Board members to committees. (Board)
7. Consider a resolution to approve the 2017 annual audit report for ODC. (David Duree, CPA, Weaver & Tidwell, LLP)
8. Discuss and consider amendments to the Matrix for the ODC Development Finance Program Administrative Policy. (Board)
9. Consider a resolution to amend the General Development Plan. (Sub Committee to Amend the General Development Plan)
10. Manufacturing Survey Results Presentation. (Christi Callicoatte, CVA Advertising & Marketing)
11. Consider a resolution to approve the application of Yung Ham LLC (Crenshaw Carpet) for a downtown façade grant. (Lawanna Lambert, Downtown Odessa, Inc.)
12. Board Projects and Committee and Officer Reports, including: Odessa Partnership.
13. Adjourn.

If, during the course of the meeting covered by this notice, the Board needs to meet in executive session, then such closed or executive meeting or session, pursuant to Chapter 551, Government Code of Texas, will be held by the Board on the date, hour, and place given in this notice or as soon after the commencement of the meeting covered by this notice as the Board may conveniently meet in such closed or executive meeting or session concerning any and all subjects and for any and all purposes permitted by Section 551 of said Government Code including, but not limited to:

- 551.071 For the purpose of a private consultation with the Board's attorney.
- 551.072 For the purpose of discussing the purchase, exchange, lease, or value of real property.
- 551.073 For the purpose of discussing negotiated contracts for prospective gifts, or donations.
- 551.074 For the purpose of considering the appointment, employment, evaluation, reassignment, duties, discipline, or dismissal of a public officer or employee.
- 551.087 For the purpose of deliberation regarding economic development negotiations. (1) to discuss or deliberate regarding commercial or financial information that the governmental body has received from a business prospect that the governmental body seeks to have locate, stay, or expand in or near the territory of the governmental body and with which the governmental body is conducting economic development negotiations; or (2) to deliberate the offer of a financial or other incentive to a business prospect described by Subdivision (1).

Should any final action, final decision, or final vote be required in the opinion of the Board with regard to any matter considered in such closed or executive meeting or session, then such final action, final decision, or final vote shall be taken at either: (a) the open meeting covered by the notice upon the reconvening of this public meeting; or (b) at a subsequent public meeting of the council upon notice thereof; as the Board shall determine.

This notice is being posted on the south door of City Hall and on the bulletin board of the first floor of City Hall, Odessa, Texas, this the _____ day of _____, 2018, at _____ .m., said time being more than seventy-two hours (72) prior to the time at which the subject meeting will be convened and called to order.

The meeting is available to all persons regardless of disability. Individuals with disabilities who require special assistance should contact the City Secretary's Office at 432/335-3276, or 411 West 8th Street, First Floor, Odessa, Texas, during normal business hours at least twenty-four hours (24) in advance of the meeting.

Norma Aguilar-Grimaldo, TRMC CMC
City Secretary

ITEM

3. a

Minutes

**ODESSA DEVELOPMENT CORPORATION
CITY OF ODESSA, TEXAS
JANUARY 11, 2018**

A regular meeting of the Odessa Development Corporation (ODC) was held on January 11, 2018 at 2:00 p.m., in the Council Chambers, fifth floor, City Hall, 411 W. 8th St., Odessa, Texas.

Members present: Betsy Triplett-Hurt, Tim Edgmon, Melanie Hollmann, Gene Collins and Ted Tuminowski.

Others present: Norma Aguilar-Grimaldo, Todd Stephens, Konrad Hildebrandt, Renee Earls, Wesley Burnett, Enrique Romero, Christi Callicoatte, Christi Weakland, Chris Arredondo, Odel Crawford, and others.

A quorum being present, Mr. Edgmon called the meeting to order and the following proceedings were held:

Mr. Collins gave the invocation.

Mrs. Grimaldo gave the Oath of Office to Ted Tuminowski.

Consent Agenda:

1. a. December 14, 2017 minutes;
- b. Financial and Investment Report;
- c. Outside Agency Status Reports: CVA, UTPB-SBDC, MOTRAN, Chamber of Commerce including Summit Report, Odessa Hispanic Chamber of Commerce (OHCC), OHCC-Mexico Initiatives, UTPB X-Energy and Gulf Coast Waste Disposal.

Mrs. Triplett-Hurt asked about the losses on investments on the financial report. Ms. Weakland explained the losses shown. The Summit was listed on the reserved due to the contract time since this was the November report. The contract expired in December. Mrs. Triplett-Hurt asked about the manufacturing study. Mr. Burnett reported that there was better participation and more knowledge of the ODC. Ms. Callicoatte would send out the full report to the board and report at the next meeting.

Mrs. Triplett-Hurt asked about the Odessa Challenge. Mr. Romero stated that the business plans were being collected and would be tabulated. Two contestants realized the value and accountability in the competition but were not pitching. He stated that there would be three to eight finalists. The awards would be held at ORMC or at the Rose Building.

Mrs. Triplett-Hurt asked about the new interim Hispanic Chamber President. She stated that the Mexico Initiatives report was very informative. Mr. Arredondo reported that Price Arredondo was the interim Hispanic Chamber President who has Chamber experience. Ms. Hollmann met with the Hispanic Chamber for the transition from Mr. Chavez. She stated that Mr. Arredondo had lots of experience and would be valuable. Mr. Arredondo reported that the Career Fest ended strong with four scholarships awarded. Mr. Edgmon stated that a difference was made with the students going through the program. Ms. Hollmann stated that there was a program called "In Her Shoes" that was directed to the young ladies. It was a program on empowerment and had a big impact on the students.

Motion was made by Mrs. Triplett-Hurt and seconded by Mr. Collins to approve the consent agenda. The motion was approved by unanimous vote.

Appointment of officers. Motion was made by Mr. Edgmon and seconded by Ms. Hollmann to appoint Mrs. Triplett-Hurt to President. The motion was approved by a 4-0 vote. Mrs. Triplett-Hurt abstained.

Motion was made by Ms. Hollmann and seconded by Mr. Collins to appoint Mr. Edgmon to Vice President. The motion was approved by unanimous vote.

Motion was made by Ms. Hollmann and seconded by Mrs. Triplett-Hurt to appoint Mr. Collins to Secretary. The motion was approved by unanimous vote.

The committees would be considered at the next meeting.

Discuss new appointments for subcommittee on revising the General Development Plan. Mr. Stephens reported that there was a lot of progress. He would have a draft proposal for the board to consider at the February meeting. A board member was needed to replace Mr. Carlson. Mrs. Triplett-Hurt stated that a major rewrite was needed for the plan. She stated that input may be needed from City staff, committee members and the contractors. Mr. Burnett requested a copy of the draft plan. Mr. Stephens stated that the tasks were identified and there may need to be a quota. Mr. Burnett stated that there were goals but wanted to discuss the expectations and realistic factor. Mr. Arredondo stated that the Hispanic Chamber was willing to participate. Mr. Romero reminded the members that the SBDC was funded and governed federally, state and local. Mr. Tuminowski asked about the organizations being funded. Mrs. Triplett-Hurt stated that there were different percentages on each agency being funded.

Motion was made by Mr. Collins and seconded by Ms. Hollmann to appoint Mr. Edgmon to the subcommittee for the General Development Plan. The motion was approved by unanimous vote.

Discuss ex-officio positions on Compliance Committee. Mr. Stephens clarified the positions of the ex-officios on the Compliance Committee. He stated that Mr. Burnett's role was to be involved and handle the projects through the process. The ex-officos positions were to give the opportunity for all Chambers to be part of the process. Each Chamber would appoint a person and the ODC does not approve the appointment. The Chambers could send any representative.

Mr. Crawford requested information about the Compliance Committee and the expectations. He stated that the Black Chamber of Commerce had not had any past involvement with ODC. He looked forward to the inclusion of the Black Chamber of Commerce and working together.

Chris Arredondo was voted to represent the Odessa Hispanic Chamber on the Compliance Committee by their board.

Mr. Collins stated that due to past projects' issues the other Chambers presence would assist with the process. The board had a consensus of the ex-officios' roles and representation.

Remove from the table and appoint Budget, Finance and Audit Committee members. Mr. Stephens recommended that the current members be contacted for possible recommendations of appointments to the committee. Motion was made by Mrs. Triplett-Hurt and seconded by Mr. Collins to remove this item from the table. The motion was approved by unanimous vote.

Motion was made by Mr. Collins and seconded by Ms. Hollmann to reappoint Christi Brown, Terry Lynn Louvin, Stacey Gerig, Sean Cahill and Don Bonifay to the Budget, Finance and Audit Committee. The motion was approved by unanimous vote.

Discuss and consider amendment to the Matrix for the ODC Development Finance Program Administrative Policy. Mr. Stephens stated that the City Council tabled the proposed matrix. Some council members were dissatisfied with the proposal. Ms. Hollmann stated that the changes were in line with Council's input. Mr. Stephens stated from the joint meeting, Dr. Perryman stated that having one matrix does not work. Mr. Stephens would complete the General Development Plan and then work on the matrix. The City Council wanted the small businesses to be able to qualify.

Ms. Hollmann stated that the matrix process has worked 20 years. The changes incorporated the small business. There was flexibility in the proposed matrix. Mr. Stephens would send out the proposed matrix. The board directed that the item be placed back on the Council agenda. Mr. Long would resubmit the matrix with the changes to the Finance Committee.

Board Projects, Committee, and Officer Reports including: City of Odessa, Tax Incentive Committee and Odessa Partnership. The board members asked that Mr. Carlson be recognized at the next meeting for his service. The sales tax training schedule would be sent to the board members.

The meeting adjourned at 3:19 p.m.

ATTEST:

APPROVED:

Norma Aguilar-Grimaldo, TRMC, CMC
City Secretary

Tim Edgmon
Vice President

ITEM

3. b

Financial Report

**ODESSA DEVELOPMENT CORPORATION
BALANCE SHEET
DECEMBER 2017**

ASSETS

Investments - Local Government Pools	\$	14,414,268
Investments - U.S. Government Securities		1,245,063
Investments - CDs and CDARs		6,107,867
Investments - Municipal Securities		19,095,229
Investments - Money Market		5,132,574
Interest Receivable - CD's		4,946
Interest Receivable - U.S. Agency Notes		4,984
Interest Receivable - Municipal Securities		151,677
TOTAL ASSETS	\$	<u>46,156,607</u>

DEFERRED OUTFLOWS OF RESOURCES

Advance payments to grantees	\$	216,000
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$	<u><u>46,372,607</u></u>

LIABILITIES

Accounts Payable	\$	8,580,916
TOTAL LIABILITIES	\$	<u>8,580,916</u>

FUND BALANCE

Reserved - Short Term Commitments Due Within One Year		
Odessa College - 2nd Project Training Facility	\$	5,000,000
UTPB - 2nd Project Training Facility		1,500,000
Total Short Term Commitments	\$	<u>6,500,000</u>
Reserved - Long Term Commitments Due in More Than One Year		
Halliburton Energy Services, Inc.	1,300,000	
Standard Sales Company, LP.	400,000	
Summit Power Energy	5,000,000	
West Texas Food Bank	587,866	
Odessa College - 2nd Project Training Facility	3,000,000	
UTPB - 2nd Project Training Facility	6,000,000	
Total Long Term Commitments	\$	<u>16,287,866</u>
Total Reserved	\$	22,787,866
Assigned (TXDOT Projects)	\$	11,500,000
Unreserved	\$	<u>3,503,825</u>
TOTAL FUND BALANCE	\$	<u>37,791,691</u>
TOTAL LIABILITIES AND FUND BALANCE	\$	<u><u>46,372,607</u></u>

**ODESSA DEVELOPMENT CORPORATION
CHANGES IN RESERVED FUND BALANCE
DECEMBER 2017**

Reserved - Short Term Commitments

	Current Month	Prior Month	Month End Change
Odessa College - 2nd Project Training Facility	5,000,000	5,000,000	-
UTPB - 2nd Project Training Facility	1,500,000	1,500,000	-
Total Short Term Commitments	\$ 6,500,000	\$ 6,500,000	\$ -

Reserved - Long Term Commitments

	Current Month	Prior Month	Month End Change
Halliburton Energy Services, Inc.	1,300,000	1,300,000	-
Standard Sales Company, LP.	400,000	400,000	-
Summit Power Energy, LLC	5,000,000	5,000,000	-
West Texas Food Bank	587,866	587,866	-
Odessa College - 2nd Project Training Facility	3,000,000	3,000,000	-
UTPB - 2nd Project Training Facility	6,000,000	6,000,000	-
Total Long Term Commitments	\$ 16,287,866	\$ 16,287,866	\$ -
Total Reserved Fund Balance	\$ 22,787,866	\$ 22,787,866	\$ -

**ODESSA DEVELOPMENT CORPORATION
STATEMENT OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL
DECEMBER 2017**

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>
REVENUES			
4-A Sales Tax Receipts	\$ 706,046	\$ 882,695	\$ 176,649
Interest Income	29,166	63,533	34,367
Gain and or (Loss) on Investments	(12,500)	(31,801)	(19,301)
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TOTAL REVENUES	\$ 722,712	\$ 914,427	\$ 191,715
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EXPENDITURES			
Supplies and Materials	\$ 50	\$ 600	\$ (550)
Audit Services	2,500	5,000	(2,500)
Special Services	5,833	-	5,833
Insurance	1,105	-	1,105
Bank Services	333	-	333
Administration Fee - City of Odessa	19,101	19,101	-
Chamber of Commerce	66,666	-	66,666
Marketing	57,416	188,011	(130,595)
Contingencies	8,333	-	8,333
Capital Outlay	595	-	595
MOTRAN	7,500	-	7,500
UTPB - Small Business Center	8,088	-	8,088
UTPB - SBDC Entrep. Contest	31,721	-	31,721
Odessa Hispanic Chamber	11,509	11,510	(1)
Odessa Hispanic CH-Mex In	13,916	15,417	(1,501)
Business Incentives	2,915,436	-	2,915,436
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TOTAL EXPENDITURES	\$ 3,150,102	\$ 239,639	\$ 2,910,463
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EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ (2,427,390)	\$ 674,788	\$ 3,102,178
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ODESSA DEVELOPMENT CORPORATION
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THREE MONTHS ENDED DECEMBER 2017

	<u>BUDGET</u>	<u>ACTUAL</u>	VARIANCE FAVORABLE <u>(UNFAVORABLE)</u>
REVENUES			
4-A Sales Tax Receipts	\$ 2,118,138	\$ 2,821,381	\$ 703,243
Interest Income	87,498	192,427	104,929
Gain and or (Loss) on Investments	(37,500)	(111,675)	(74,175)
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TOTAL REVENUES	\$ 2,168,136	\$ 2,902,133	\$ 733,997
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EXPENDITURES			
Supplies and Materials	\$ 150	\$ 605	(455)
Audit Services	7,500	5,000	2,500
Special Services	17,499	-	17,499
Insurance	3,315	11,058	(7,743)
Bank Services	999	-	999
Administration Fee - City of Odessa	57,303	57,312	(9)
Chamber of Commerce	199,998	200,000	(2)
Marketing	172,248	188,011	(15,763)
Contingencies	24,999	-	24,999
Capital Outlay	1,785	-	1,785
MOTRAN	22,500	22,156	345
UTPB - Small Business Center	24,264	-	24,264
UTPB - SBDC Entrep. Contest	95,163	-	95,163
Odessa Hispanic Chamber	34,527	34,530	(3)
Odessa Hispanic Ch-Mex In	41,748	51,598	(9,850)
Business Incentives	8,746,308	-	8,746,308
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TOTAL EXPENDITURES	\$ 9,450,306	\$ 570,270	\$ 8,880,036
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EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES	\$ (7,282,170)	\$ 2,331,863	\$ 9,614,033
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FUND BALANCE - AT BEGINNING OF YEAR	\$ 35,459,828	\$ 35,459,828	\$ -
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FUND BALANCE - AT END OF YEAR	\$ 28,177,658	\$ 37,791,691	\$ 9,614,033
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ODESSA DEVELOPMENT CORPORATION
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
TOTAL BUDGET COMPARISON
DECEMBER 2017

	TOTAL <u>BUDGET</u>	ACTUAL - YTD	REMAINING <u>BALANCE</u>
REVENUES			
4-A Sales Tax Receipts	\$ 8,472,560	\$ 2,821,381	\$ (5,651,179)
Interest Income	350,000	192,427	(157,573)
Gain and or (Loss) on Investments	(150,000)	(111,675)	38,325
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TOTAL REVENUES	\$ 8,672,560	\$ 2,902,133	\$ (5,770,427)
EXPENDITURES			
Supplies and Materials	\$ 600	\$ 605	\$ (5)
Audit Services	30,000	5,000	25,000
Special Services	70,000	-	70,000
Insurance	13,270	11,058	2,212
Bank Services	4,000	-	4,000
Administration Fee - City of Odessa	229,221	57,312	171,909
Chamber of Commerce	800,000	200,000	600,000
Marketing	689,000	188,011	500,989
Contingencies	100,000	-	100,000
Capital Outlay	7,137	-	7,137
MOTRAN	90,000	22,156	67,845
UTPB - Small Business Center	97,065	-	97,065
UTPB - SBDC Entrep. Contest	380,654	-	380,654
Odessa Hispanic Chamber	138,119	34,530	103,589
Odessa Hispanic Ch-Mex In	167,000	51,598	115,402
Business Incentives	34,985,230	-	34,985,230
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TOTAL EXPENDITURES	\$ 37,801,296	\$ 570,270	\$ 37,231,026
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES	\$ (29,128,736)	\$ 2,331,863	\$ 31,460,599
FUND BALANCE - AT BEGINNING OF YEAR	<u>\$ 35,459,828</u>	<u>\$ 35,459,828</u>	<u>\$ -</u>
FUND BALANCE - AT END OF YEAR	<u>\$ 6,331,092</u>	<u>\$ 37,791,691</u>	<u>\$ 31,460,599</u>

**ODESSA DEVELOPMENT CORPORATION
CASH FLOW STATEMENT
DECEMBER 2017**

CASH FLOWS FROM OPERATING ACTIVITIES

Cash Received from Sales Taxes	\$	882,695
Cash Paid for Goods and Services		(239,039)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES		<u>643,656</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Purchase of Investments		(1,000,000)
Sales of Investments		1,370,214
Investment Income		78,505
NET CASH PROVIDED BY INVESTING ACTIVITIES		<u>448,719</u>

NET INCREASE (DECREASE) IN CASH 1,092,375

CASH (Texpool and Money Markets) - AT BEGINNING OF MONTH 18,454,469

CASH (Texpool and Money Markets) - AT END OF MONTH \$ 19,546,842



Director of Finance

**ODESSA DEVELOPMENT CORPORATION
INVESTMENT PORTFOLIO
NOVEMBER 30, 2017**

<u>INVESTMENT TYPE</u>	<u>YTM</u>	<u>MATURITY</u>	<u>PAR</u>	<u>FAIR** 11/30/17</u>
Local Government Investment Pools				
TexPool	1.03%	Open	\$ 6,615,244	\$ 6,615,244
Logic	1.28%	Open	\$ 6,711,135	\$ 6,711,135
Total Local Government Investment Pools			\$ 13,326,379	\$ 13,326,379
Weighted Average Rate Per Pools Total	1.16%			
Money Market Investment				
Lone Star State Bank	1.10%	Open	\$ 5,128,090	\$ 5,128,090
Total Money Markets			\$ 5,128,090	\$ 5,128,090
Weighted Average Rate Per MM Total	1.10%			
CD AND CDARs Investments				
AimBank - 12 Month CD	1.20%	8/31/18	\$ 2,058,620	\$ 2,080,474
AimBank - 12 Month CD	0.60%	12/22/17	763,777	769,277
Lone Star Bank - 370 Day CD	0.45%	12/30/17	600,229	601,400
Lone Star Bank - 18 MO CD	1.49%	1/21/19	1,250,000	1,252,554
Frost Bank CDARs	1.35%	10/11/18	513,339	514,152
Frost Bank CDARs	1.35%	10/11/18	513,339	514,152
Ally Bank -CD	0.90%	7/16/18	248,000	248,846
Capital One Bank - CD	0.90%	7/13/18	248,000	248,846
Discover Bank -CD	0.95%	7/13/18	248,000	248,890
Total CD and CDARs Investments			\$ 6,443,303	\$ 6,478,593
Weighted Average Rate Per CD's Total	1.11%			
Municipal Securities				
New Mexico St Fin B Tax	1.22%	6/15/18	\$ 1,415,000	\$ 1,437,697
Grand Prairie Tex Tax	1.52%	1/1/19	390,000	397,032
Gateway PA Sch Tax	1.76%	7/15/19	1,900,000	1,869,904
New York NY City Tax	1.25%	2/1/19	2,000,000	1,984,020
Union City NJ B Tax	1.48%	12/1/18	1,000,000	1,008,000
Florida St A	1.50%	7/1/19	5,000,000	5,001,200
Fresno Cnty CA Tax	1.25%	8/15/19	650,000	650,442
California St Tax	1.66%	7/1/19	1,680,000	1,683,310
Kansas St Dev H Tax	1.40%	4/15/20	820,000	823,993
State of Texas	1.51%	10/1/19	1,000,000	1,000,570
Dallas TX	1.81%	10/1/20	1,325,000	1,329,717
Port Saint Lucie FL	1.76%	7/1/19	675,000	668,216
Pittsburg PA Urban Dev	1.80%	12/1/19	770,000	770,131
Texas Tech University	1.95%	2/15/21	500,000	502,460
Total Municipal Securities			\$ 19,125,000	\$ 19,126,691
Weighted Average Rate Per Muni Total	1.54%			
U.S. Agency Notes				
FHLMC Notes - Callable	1.10%	8/24/18	1,250,000	1,245,400
Total U.S. Agency Notes			\$ 1,250,000	\$ 1,245,400
Weighted Average Rate Per Agency Total	1.10%			
TOTAL INVESTMENTS	1.30%		\$ 45,272,771	\$ 45,305,153

** Amount does not reflect prior period market adjustments and represents fair market value adjustment as of current period end only.

**ODESSA DEVELOPMENT CORPORATION
INVESTMENT PORTFOLIO
DECEMBER 31, 2017**

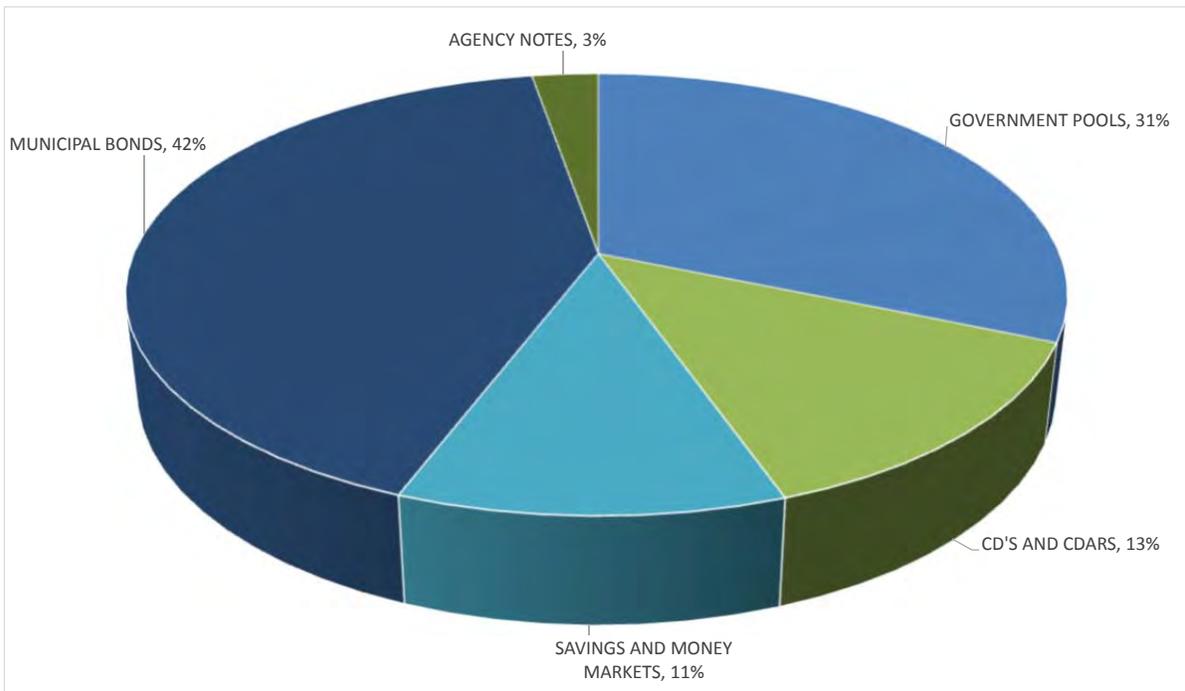
End of Month

<u>INVESTMENT TYPE</u>	<u>YTM</u>	<u>MATURITY</u>	<u>PAR</u>	<u>FAIR** 12/31/17</u>
Local Government Investment Pools				
TexPool	1.18%	Open	\$ 7,695,277	\$ 7,695,277
Logic	1.38%	Open	6,718,991	6,718,991
Total Local Government Investment Pools			\$ 14,414,268	\$ 14,414,268
Weighted Average Rate Per Pools Total	1.27%			
Money Market Investment				
Lone Star State Bank	1.10%	Open	\$ 5,132,574	\$ 5,132,574
Total Money Market			\$ 5,132,574	\$ 5,132,574
Weighted Average Rate Per MM Total	1.10%			
CD AND CDARs Investments				
AimBank - 12 Month CD	1.20%	8/31/18	\$ 2,058,620	\$ 2,082,594
Frost Bank CDARs	1.35%	10/11/18	513,339	514,742
Frost Bank CDARs	1.35%	10/11/18	513,339	514,742
Lone Star Bank - CD	1.49%	1/21/19	1,250,000	1,254,137
Ally Bank -CD	0.90%	7/16/18	248,000	249,032
Capital One Bank - CD	0.90%	7/13/18	248,000	249,032
Discover Bank -CD	0.95%	7/13/18	248,000	249,087
BBVA CD	1.75%	12/15/18	1,000,000	1,000,000
Total CD and CDARs Investments			\$ 6,079,297	\$ 6,113,367
Weighted Average Rate Per CD's Total	1.34%			
Municipal Securities				
New Mexico St Fin B Tax	1.22%	6/15/18	\$ 1,415,000	\$ 1,433,890
Grand Prairie Tex Tax	1.52%	1/1/19	390,000	396,100
Gateway PA Sch Tax	1.76%	7/15/19	1,900,000	1,868,536
New York NY City Tax	1.25%	2/1/19	2,000,000	1,982,780
Union City NJ B Tax	1.48%	12/1/18	1,000,000	1,006,420
Florida St A	1.50%	7/1/19	5,000,000	4,989,200
Fresno Cnty CA Tax	1.25%	8/15/19	650,000	649,435
California St Tax	1.66%	7/1/19	1,680,000	1,681,378
Kansas St Dev H Tax	1.40%	4/15/20	820,000	822,255
State of Texas	1.51%	10/1/19	1,000,000	999,030
Dallas TX	1.81%	10/1/20	1,325,000	1,327,266
Port Saint Lucie FL	1.76%	7/1/19	675,000	667,548
Pittsburg PA Urban Dev	1.80%	12/1/19	770,000	769,977
Texas Tech University	1.95%	2/15/21	500,000	501,415
Total Municipal Securities			\$ 19,125,000	\$ 19,095,229
Weighted Average Rate Per Munis Total	1.54%			
U.S. Agency Notes				
FHLMC Notes - Callable	1.10%	8/24/18	1,250,000	1,245,063
Total U.S. Agency Notes			\$ 1,250,000	\$ 1,245,063
Weighted Average Rate Per Agencies Total	1.10%			
TOTAL INVESTMENTS	1.37%		\$ 46,001,139	\$ 46,000,500

** Amount does not reflect prior period market adjustments and represents fair market value adjustment as of current period end only.

**ODESSA DEVELOPMENT CORPORATION
INVESTMENT SUMMARY
DECEMBER 2017**

<u>INVESTMENT</u>	<u>BEGINNING BALANCE</u>	<u>PURCHASE AMOUNT</u>	<u>CHANGES IN FAIR VALUE AND INTEREST REINVESTED</u>	<u>SALES AMOUNT</u>	<u>ENDING BALANCE</u>
GOVERNMENT POOLS	13,326,379	2,310,900	16,942	1,239,952	14,414,268
CD'S AND CDARS	6,478,593	1,000,000	4,988	1,370,214	6,113,367
SAVINGS AND MONEY MARKETS	5,128,090	-	4,484	-	5,132,574
MUNICIPAL BONDS	19,126,691	-	(31,463)	-	19,095,229
AGENCY NOTES	1,245,400	-	(338)	-	1,245,063
TOTAL	<u>45,305,153</u>	<u>3,310,900</u>	<u>(5,386)</u>	<u>2,610,166</u>	<u>46,000,500</u>



**ODESSA DEVELOPMENT CORPORATION
COMPARISON OF AMORTIZED COST TO FMV
DECEMBER 2017**

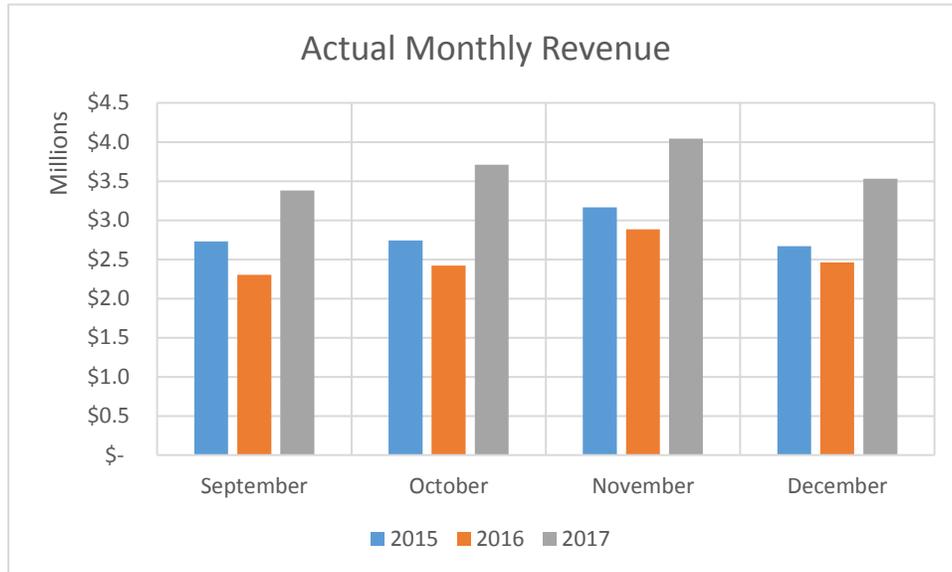
End of Month

	<u>YIELD TO</u>	<u>MATURITY</u>	<u>PAR</u>	<u>DATE</u>	<u>ORIGINAL</u>	<u>AMORTIZED</u>	<u>FAIR**</u>	<u>VARIANCE</u>
	<u>MATURITY</u>	<u>MATURITY</u>		<u>PURCHASED</u>	<u>COST</u>	<u>COST</u>	<u>12/31/17</u>	
Municipal Securities								
New Mexico St Fin B Tax	1.22%	6/15/18	\$ 1,415,000	3/10/2016	\$ 1,534,044	\$ 1,438,895	\$ 1,433,890	\$ (5,005)
Grand Prairie Tex Tax	1.52%	1/1/19	390,000	3/10/2016	416,485	399,439	396,100	\$ (3,339)
Gateway PA Sch Tax	1.76%	7/15/19	1,900,000	11/30/2016	1,875,604	1,885,699	1,868,536	\$ (17,163)
New York NY City Tax	1.25%	2/1/19	2,000,000	3/9/2016	2,000,000	2,000,000	1,982,780	\$ (17,220)
Union City NJ B Tax	1.48%	12/1/18	1,000,000	11/30/2016	1,030,080	1,013,785	1,006,420	\$ (7,365)
Florida St A	1.50%	7/1/19	5,000,000	5/20/2016	5,100,760	5,048,475	4,989,200	\$ (59,275)
Fresno Cnty CA Tax	1.25%	8/15/19	650,000	6/23/2016	674,726	662,751	649,435	\$ (13,316)
California St Tax	1.66%	7/1/19	1,680,000	7/11/2016	1,746,400	1,713,475	1,681,378	\$ (32,098)
Kansas St Dev H Tax	1.40%	4/15/20	820,000	8/10/2016	855,399	842,019	822,255	\$ (19,764)
State of Texas	1.51%	10/1/19	1,000,000	4/19/2017	1,011,400	1,008,139	999,030	\$ (9,109)
Dallas TX	1.81%	10/1/20	1,325,000	4/19/2017	1,342,636	1,339,055	1,327,266	\$ (11,790)
Port Saint Lucie FL	1.76%	7/1/19	675,000	4/26/2017	678,328	677,287	667,548	\$ (9,739)
Pittsburg PA Urban Dev	1.80%	12/1/19	770,000	6/7/2017	776,116	774,720	769,977	\$ (4,743)
Texas Tech University	1.95%	2/15/21	500,000	6/8/2017	512,108	510,258	501,415	\$ (8,843)
Total Municipal Securities			<u>\$19,125,000</u>		<u>\$19,554,086</u>	<u>\$ 19,313,997</u>	<u>\$ 19,095,229</u>	<u>\$ (218,768)</u>
U.S. Agency Notes								
FHLMC Notes - Callable	1.10%	8/24/18	\$ 1,250,000	11/24/2015	\$ 1,250,000	\$ 1,250,000	\$ 1,245,063	\$ (4,938)
Total U.S. Agency Notes			<u>\$ 1,250,000</u>		<u>\$ 1,250,000</u>	<u>\$ 1,250,000</u>	<u>\$ 1,245,063</u>	<u>\$ (4,938)</u>
Total All Securities			<u>\$20,375,000</u>		<u>\$20,804,086</u>	<u>\$ 20,563,997</u>	<u>\$ 20,340,291</u>	<u>\$ (223,706)</u>

MONTHLY FINANCIAL
SUMMARY REPORT

ECONOMIC INDICATORS
DECEMBER 2017

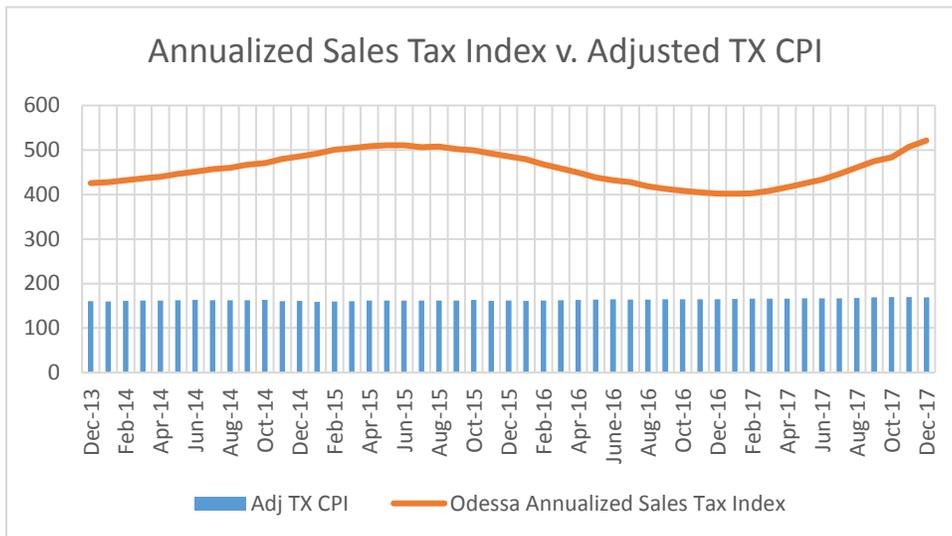
SALES TAX



SOURCE: TX Comptroller of Public Accounts

- The City of Odessa reported sales tax of \$3,530,780 in December 2017, a 43.46% increase from December 2016.

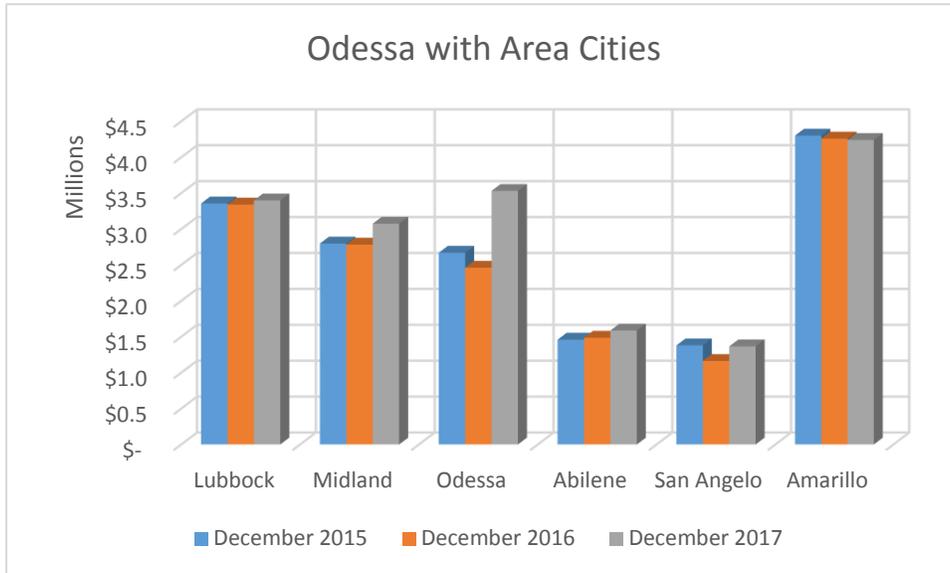
ANNUALIZED SALES TAX INDEX



SOURCE: TX Comptroller of Public Accounts

- Adjusted Texas CPI has increased 5.38% from December 2013 to December 2017.
- Annualized sales tax index for the City of Odessa has increased 22.48% from December 2013 to December 2017.

SALES TAX COMPARISON

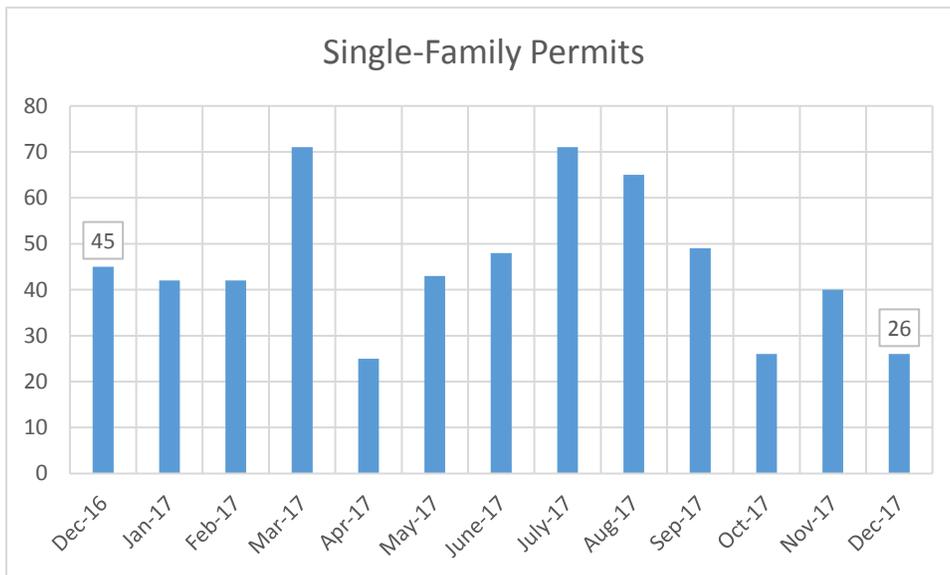


SOURCE: TX Comptroller of Public Accounts

- The chart above shows receipts for August 2015, 2016, and 2017 for the City of Odessa compared with five surrounding cities. Abilene and Amarillo have a city sales tax rate of 2.00%. Lubbock, Midland, and San Angelo have a city sales tax rate of 1.50%, while Odessa has a rate of 1.25%

SINGLE-FAMILY (SF) HOUSING

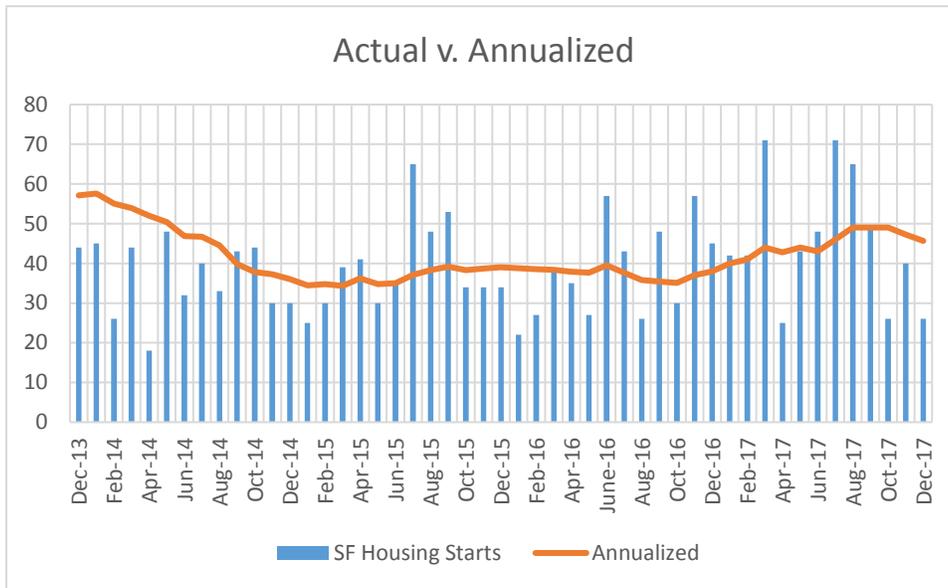
NUMBER OF PERMITS ISSUED



SOURCE: City of Odessa

- The City of Odessa issued 26 single-family housing permits in December 2017, a -42.22% decrease from December 2016.

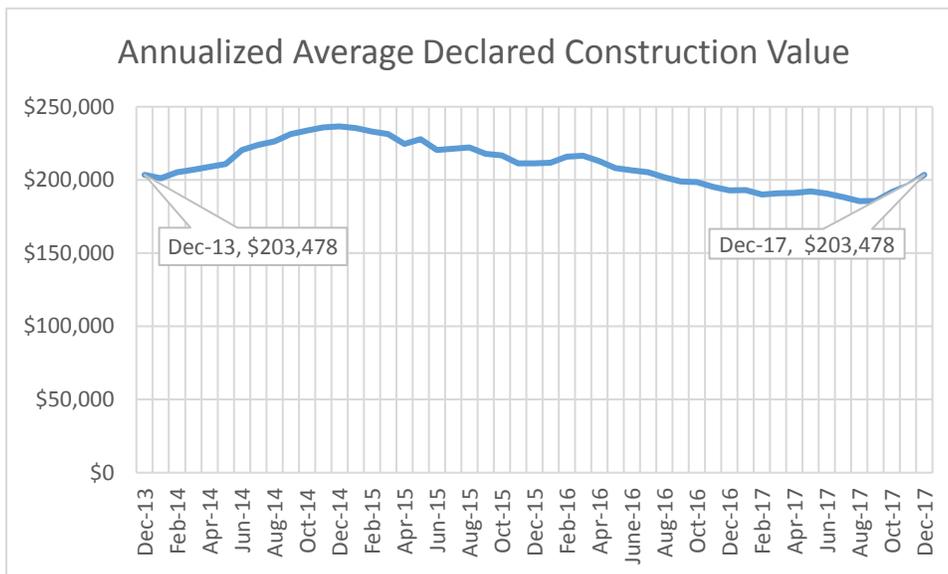
SINGLE-FAMILY HOUSING STARTS



SOURCE: City of Odessa

December 2017	# of SF Housing Starts	Value	% Δ in Value (12 Mos.)
Actual	26	\$7,291,050	-15.96%
Annualized	46	\$9,292,184	27.08%

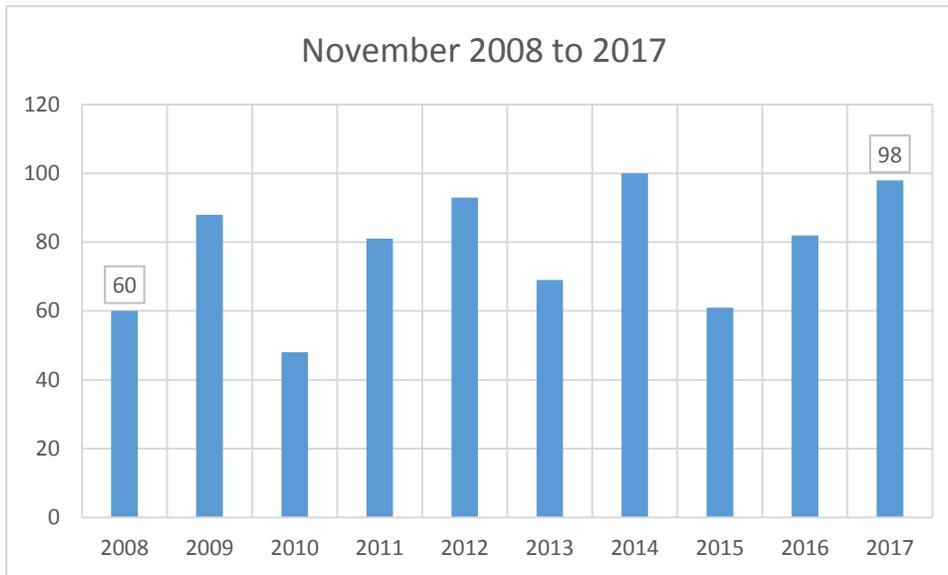
NEW SINGLE-FAMILY HOME VALUE



SOURCE: City of Odessa

- The annualized average declared construction value of a new home had a net change of 0.00% from December 2013 to December 2017.

NUMBER OF RESIDENTIAL SALES – ECTOR COUNTY

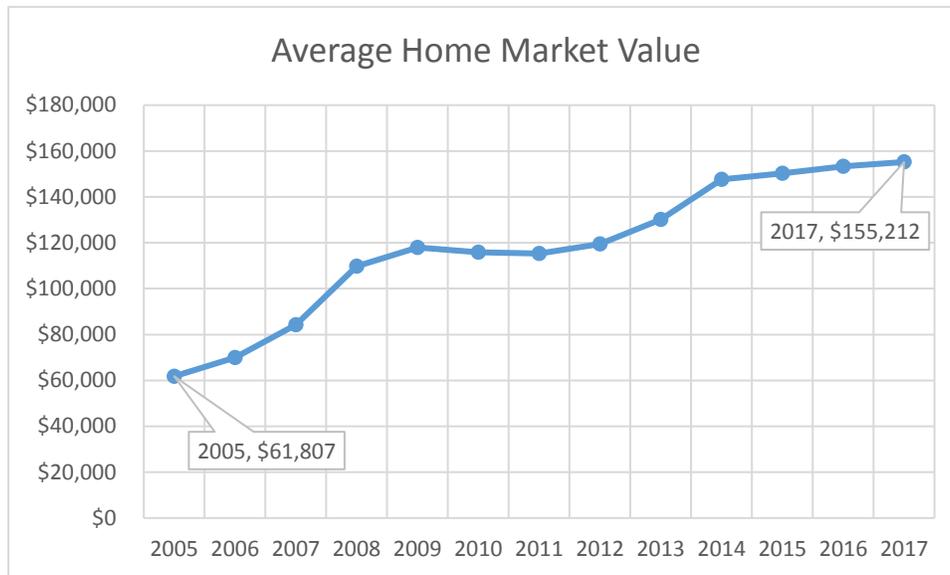


SOURCE: Odessa Board of Realtors

- *This section will be updated when the data becomes available.*
- The chart above illustrates the number of residential sales for the month of November for 10 consecutive years.
- The table below shows the number of sales, sales volume, and days on market for the month of November:

Year	Number of Sales	Sales Volume	Days on Market
2017	98	\$18,594,117	61
2016	82	\$14,907,985	57
2015	61	\$12,135,530	42
2014	100	\$23,105,610	36
2013	69	\$12,466,181	57
2012	93	\$14,608,104	39
2011	81	\$10,745,741	101
2010	48	\$7,977,157	113
2009	88	\$12,226,635	113
2008	60	\$8,809,025	103

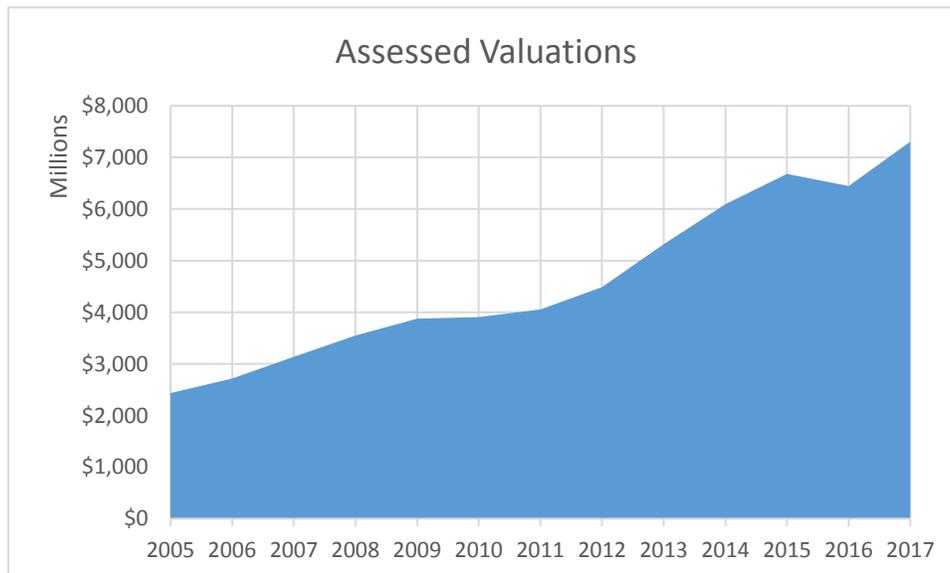
PROPERTY VALUATIONS (UPDATED ANNUALLY)



SOURCE: Ector County Appraisal District

- Average home value for 2017 within the City of Odessa was \$155,212, which is a 1.23% increase from 2016.
- Average home value since 2005 has increased by 151.12%.

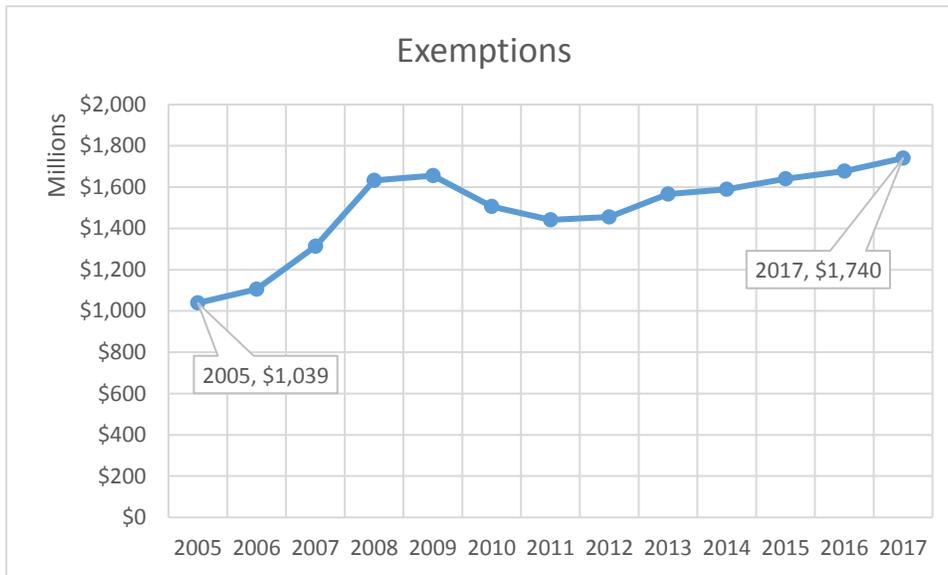
ASSESSED VALUATIONS



SOURCE: Ector County Appraisal District

- Assessed values subject to property taxation comprised 87.49% of total market value of property appraised in 2017 within the City of Odessa.
- Certified assessed values for 2017 totaled \$7,305,237,892, which was an increase of 12.31% over 2016 valuations.

EXEMPTIONS

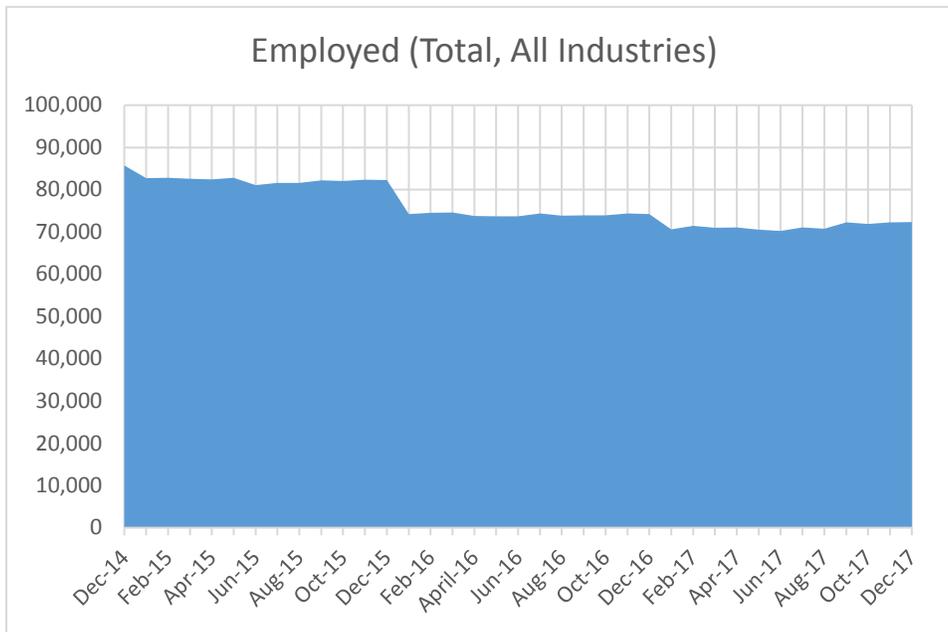


SOURCE: Ector County Appraisal District

- Property valuation exemptions (not subject to property taxation) comprised 20.84% of the total market value of property appraised in 2017 within the City of Odessa.
- Certified exemptions for 2017 totaled \$1,740,377,829, which was an increase of 20.84% over 2016 exemptions.
- The table below shows certified property values for the City of Odessa for 2016 and 2017 with percent change:

	2016	2017	% Δ
Assessed Valuations	\$6,447,707,173	\$7,305,237,892	13.30%
Exemptions	\$1,678,099,036	\$1,740,377,829	20.84%
Total Market Values	\$8,125,806,209	\$8,350,077,611	2.76%
Average Home Market Values	\$153,326	\$155,212	1.23%

EMPLOYMENT – ECTOR COUNTY

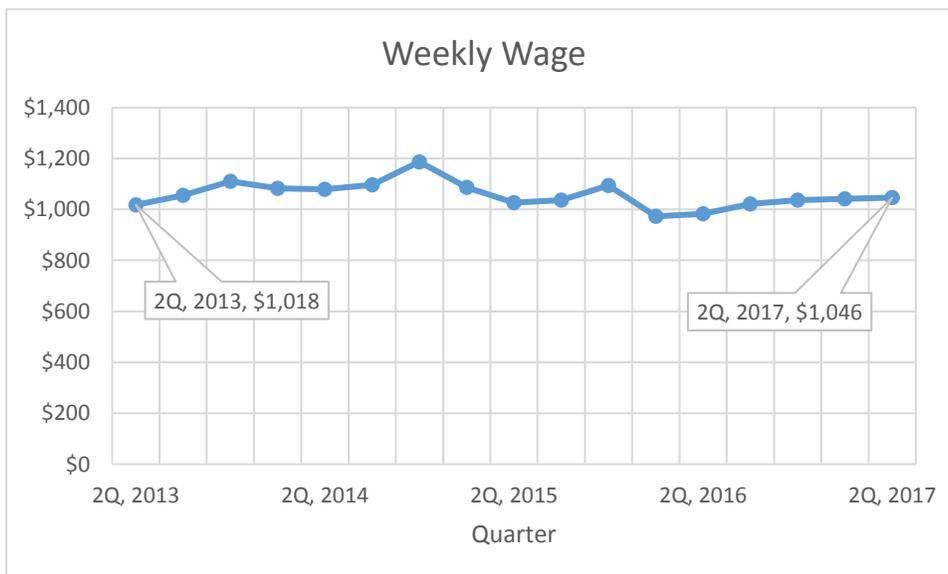


SOURCE: Labor Market and Career Information (LMCI)

	December 2014	December 2017	% Δ (3 Yrs)
# of Employed Workers	85,742	72,369	-15.60%

- The chart above shows a -15.60% decrease in the number of employed workers in Ector County from December 2014 to December 2017.

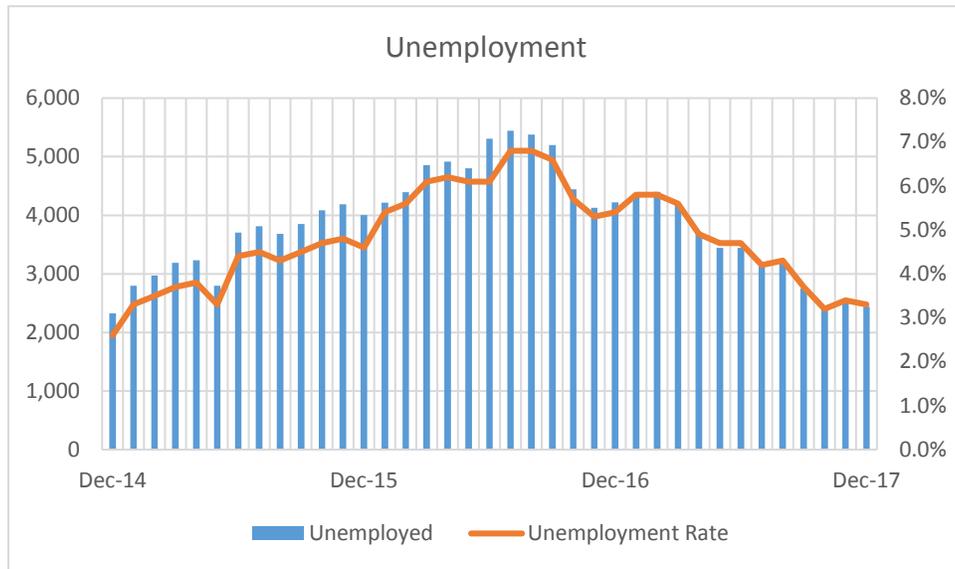
AVERAGE WEEKLY WAGE



SOURCE: Labor Market and Career Information (LMCI)

- The weekly wage in Ector County was \$1,046 in the 2nd quarter of 2017, which is a 2.75% increase from 4 years ago.

UNEMPLOYMENT RATE



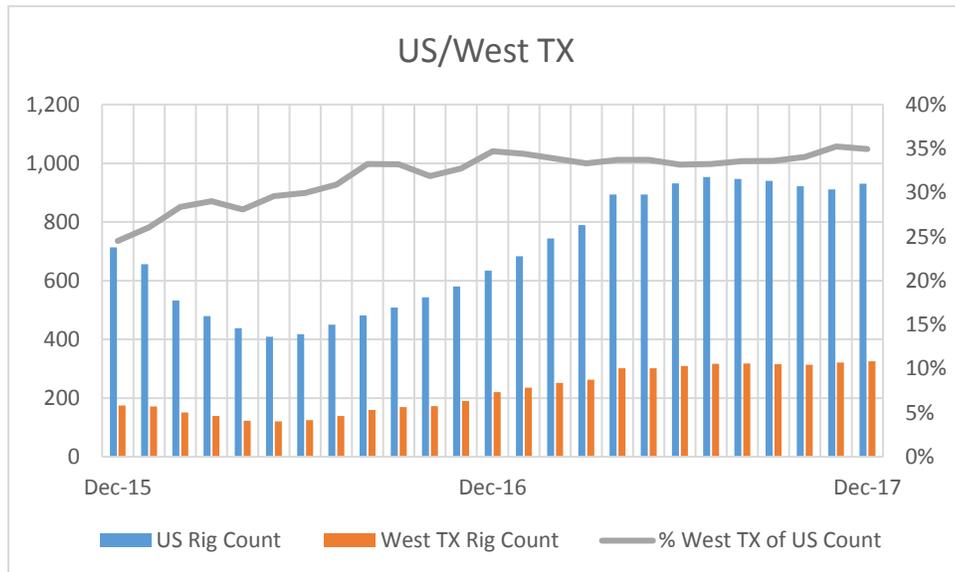
SOURCE: Labor Market and Career Information (LMCI)

	December 2014	December 2017	% Δ (3 Yrs)
Unemployment	2,324	2,440	4.99%
Unemployment Rate	2.60%	3.30%	26.92%

- The chart above shows a 26.92% increase in the unemployment rate from December 2014 to December 2017.

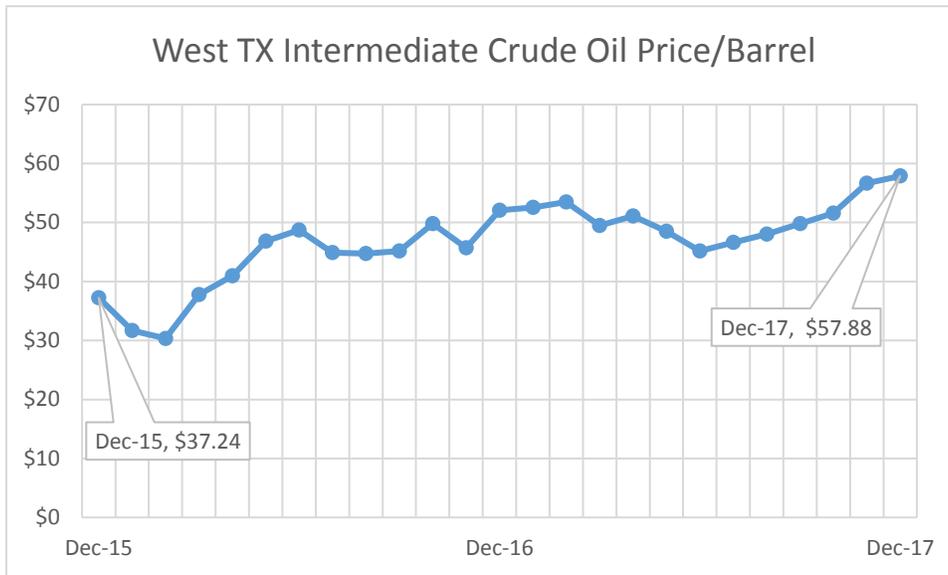
RIG COUNT/INTERMEDIATE CRUDE OIL PRICE

ACTIVE RIG COUNT/WEST TX INTERMEDIATE CRUDE OIL



SOURCE: Baker Hughes

- The chart above shows the relationship between total active rig counts in the U.S. and West TX, as well as percentage of West TX rigs of U.S. total from December 2015 to December 2017.



SOURCE: Federal Reserve Bank of Dallas

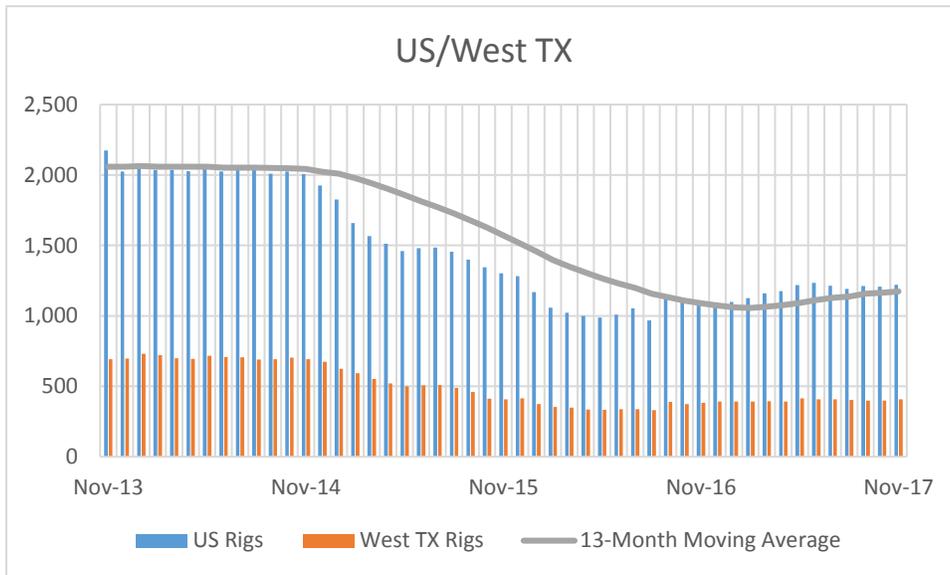
- The chart above shows a 55.42% increase in the price per barrel of West TX intermediate crude oil from December 2015 to December 2017.
- The table below shows 2-year differences for rig counts and prices per barrel:

	December-15	December-17	% Δ (2 Yrs)
US Rig Count	714	930	30.25%
West TX Rig Count	175	325	85.71%
Price/Barrel	\$37.24	\$57.88	55.42%

- Current active rig counts and prices as of 01/23/2018 are as follows:

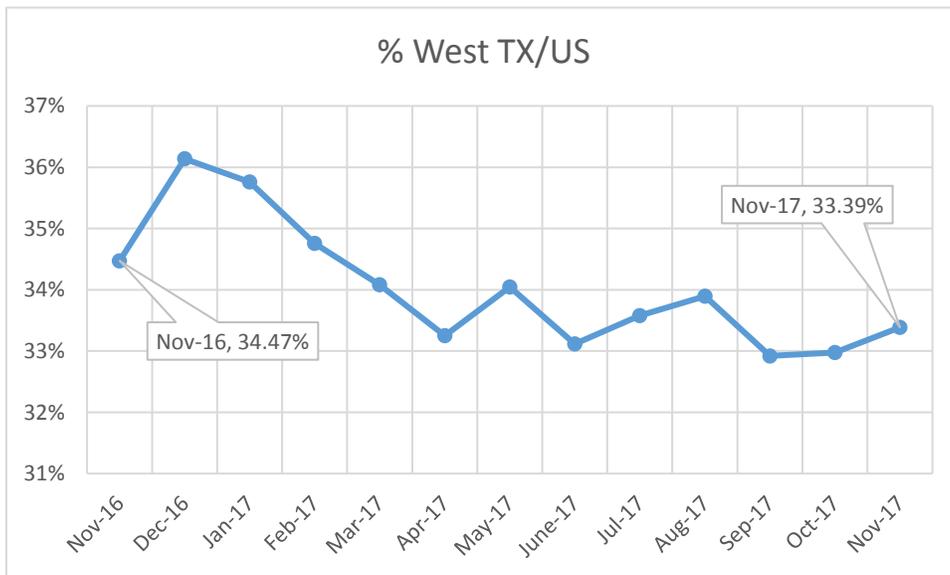
West TX	Texas	US	Price/Barrel (West TX)
323	453	933	\$63.66

WORKOVER RIG COUNT



SOURCE: Association of Energy Service Companies (AESC)

- *This section will be updated when the data becomes available.*
- The chart above shows the relationship between the number of workover rigs in the U.S. and West TX with a 13-month moving average.
- The chart below shows the percentage of total U.S. workover rigs located in West Texas.



SOURCE: Association of Energy Service Companies (AESC)

WORKOVER RIG COUNT (CONT'D.)

Date	US Total	West TX Total	% West TX/US
Nov-17	1,222	408	33.39%
Oct-17	1,207	398	32.97%
Sep-17	1,212	399	32.92%
Aug-17	1,192	404	33.89%
Jul-17	1,215	408	33.58%
June-17	1,235	409	33.12%
May-17	1,219	415	34.04%
Apr-17	1,176	391	33.25%
Mar-17	1,159	395	34.08%
Feb-17	1,125	391	34.76%
Jan-17	1,099	393	35.76%
Dec-16	1,082	391	36.14%
Nov-16	1,111	383	34.47%

ITEM

3. c

Outside Agency Reports



ADVERTISING & MARKETING

Odessa Development Corporation

JANUARY 2018

COLLATERAL MATERIALS

- Aerial Map brochure is complete.
- New Airport Duratran is complete.
- Manufacturing Industry Guide is being development (print & digital)
- Distribution Industry Guide is being development (print & digital)

SOCIAL MEDIA/DIGITAL MEDIA

- New digital ad campaign will begin with *Area Development* on 2/15. Duration: Three months.
- A landing page will be used to track the new campaign.
- A new Facebook campaign targeted to local business will begin in February.
- A new Twitter campaign to increase followers started at the end of January.
- New testimonials will be captured on video for use on website and social media.
- New video content is in production using existing footage:
 - Manufacturing Video
 - Distribution Video
 - Technology Video
 - Energy Video
 - Growth Video
 - Healthcare/Education Video

MANUFACTURING STUDY UPDATE

- Study and report are complete.
- Details sent to board via email.

ODESSA BUSINESS CHALLENGE

- Updates made to website.
- Working on award announcement invitation/PR for March Announcement.

MEXICO INITIATIVE/OHCC

Met with interim president to discuss development of new materials.

UTPB SMALL BUSINESS DEVELOPMENT CENTER

2017-2018 New Business Start-Ups & Expansions

January 2018		OTHER LOCATIONS		ACTIVITIES			
New Businesses	4	Businesses	1	Sessions	115	Seminars	3
Full-Time Jobs	55	Jobs	5	Am Ind/N/Alaskan	0	Ind/N/Alaskan	0
Part Time Jobs	6	Jobs	0	Islander	1	Asian/pac. Isle	1
				Black	15	Black	4
Total Jobs	61	Total Jobs	5	Hispanic	81	Hispanic	12
				Non-Hispanic	52	Non-Hispanic	36
				Total Clients	63	Attendees	73
				Counseling Hours	138	Training Hours	178

	Oct-17	Nov-17	Dec-17	Jan-18	Feb-18	Mar-18	Apr-18	May-18	Jun-18	Jul-18	Aug-18	Sep-18	Cumulative 2017/18 Totals	End of Year 2016/17 Totals
Counseling Sessions	121	71	63	115									370	1530
Counseling Hours	144	97	83	138									462	1997
Seminars Presented	9	3	3	3									18	45
Attendees	139	28	29	73									269	443
Training Hours	248	56	66	178									548	883
New Businesses	8	5	9	5									27	68
Odessa New Business	2	3	4	4									13	36
Capitalization	\$35,000	\$60,000	\$690,500	\$14,890,000									\$15,675,500	\$9,800,085
Odessa Capitalization	\$30,000	\$60,000	\$147,500	\$14,773,500									\$15,011,000	\$4,806,659
Full-Time Jobs	32	39	25	60									156	256
Odessa FullTime Jobs	6	23	12	55									96	154
Part Time Jobs	0	6	4	6									16	131
Odessa Part Time Jobs	0	6	2	6									14	52
Total Jobs	32	49	29	71									181	407



P. O. Box 60816 • Midland, Texas 79711
(432) 563-6240

La Entrada al Pacífico

January 26, 2017

The Honorable Betsy Triplett-Hurt, Chair
Odessa Development Corporation
P.O. Box 4398
Odessa, Texas 79760

Dear Chairman Hurt:

Please find the attached monthly financials and annual report for the Midland-Odessa Transportation Alliance, Inc., for the month of December, 2017.

We appreciate your continued support and assistance.

Sincerely,

A handwritten signature in black ink that reads "James Beauchamp". The signature is fluid and cursive, with a long, sweeping underline that extends to the right.

James Beauchamp
President, Midland-Odessa
Transportation Alliance

cc. The Honorable David Turner, City of Odessa

MOTRAN ALLIANCE, INC.
Profit & Loss YTD Comparison
 December 2017

	Dec 17	Oct - Dec 17
Ordinary Income/Expense		
Income		
4000 · Founding Member Dues	417.00	1,251.00
4010 · Member Dues	2,500.00	2,500.00
4200 · Interest Earned	33.10	99.87
4410 · MDC	45,000.00	45,000.00
4420 · ODC	0.00	22,500.00
Total Income	47,950.10	71,350.87
Expense		
5000 · Marketing		
5001 · MOTRAN Marketing	1,811.55	2,381.55
Total 5000 · Marketing	1,811.55	2,381.55
5025 · Travel Expenses	1,910.37	1,988.96
5050 · Events & Expos	5,670.69	5,670.69
5075 · Professional Services	9,068.00	9,068.00
6000 · Administration		
6045 · Food & Entertainment	504.07	816.27
6055 · Gifts	310.59	310.59
6085 · Office Lease	0.00	2,655.00
6090 · Office Supplies	928.69	1,618.81
6105 · Postage	713.44	713.44
6115 · Program Supplies	0.00	394.96
6140 · Telephone	303.71	760.42
Total 6000 · Administration	2,760.50	7,269.49
6500 · Personnel		
6501 · Salaries & Wages	11,164.00	32,852.00
6502 · Payroll Taxes	833.85	2,456.87
6503 · Employee Health Reimbursement	898.00	1,347.00
6504 · Payroll Service Fee	100.64	321.35
Total 6500 · Personnel	12,996.49	36,977.22
7410 · Previous year remittance-MDC	0.00	344.31
7420 · Previous year remittance-ODC	0.00	344.31
Total Expense	34,217.60	64,044.53
Net Ordinary Income	13,732.50	7,306.34
Net Income	13,732.50	7,306.34

MOTRAN ALLIANCE, INC.
Balance Sheet
As of December 31, 2017

	<u>Dec 31, 17</u>
ASSETS	
Current Assets	
Checking/Savings	
1000 · Frost MOTRAN Checking	2,930.68
1010 · Frost MOTRAN Money Market	118,398.37
1015 · Frost-ODC Money Market	17,718.96
1020 · Frost- MDC Money Market	40,217.14
Total Checking/Savings	<u>179,265.15</u>
Total Current Assets	179,265.15
Fixed Assets	
1500 · Furniture & Fixtures	926.94
1510 · Accum. Dep - Furn & Fix	(926.94)
1520 · Machinery & Equipment	3,356.07
1530 · Accum Dep - Mach & Equip	(3,356.07)
Total Fixed Assets	<u>0.00</u>
TOTAL ASSETS	<u><u>179,265.15</u></u>
LIABILITIES & EQUITY	
Equity	
3900 · Net Assets	171,958.81
Net Income	7,306.34
Total Equity	<u>179,265.15</u>
TOTAL LIABILITIES & EQUITY	<u><u>179,265.15</u></u>

MOTRAN ALLIANCE, INC.
Statement of Cash Flows
December 2017

	<u>Dec 17</u>
OPERATING ACTIVITIES	
Net Income	13,732.50
Net cash provided by Operating Activities	13,732.50
Net cash increase for period	13,732.50
Cash at beginning of period	165,532.65
Cash at end of period	<u><u>179,265.15</u></u>

**MOTRAN, INC. MONTHLY EXPENSE SUMMARY
FOR THE MONTH OF Dec-17**

EXPENDITURE CATEGORIES	MONTHLY EXPENSE	MDC	ODC
Accounting Fees			
Depreciation			
Drive SMART Marketing			
Dues and Subscriptions			
Events and Expo's	\$5,670.69		
Food and Entertainment	\$504.07		
Gifts	\$310.59		
Health Insurance Reimbursement	\$898.00		
I-14 Initiative			
In Kind Contributions			
In Kind Marketing Expense			
Insurance			
Lodging-Delegation			
MOTRAN Marketing	\$1,811.55	\$905.77	\$905.77
Other Marketing			
Misc. Expense			
Office Lease			
Office Supplies	\$928.69		
Payroll Salaries	\$11,164.00	\$5,582.00	\$5,582.00
Payroll Taxes	\$833.55	\$416.78	\$416.78
Payroll Service Fee	\$100.64		
Postage	\$713.44		
Professional Services	\$9,068.00	\$4,534.00	\$4,534.00
Program Supplies			
Travel	\$1,910.37	\$955.18	\$955.18
Utilities: Telephone & Internet	\$303.71		
Rail District Contribution			
Previous Year Remittance to MDC			
Previous Year Remittance to ODC			
TOTAL EXPENSES	\$34,217.30	\$12,393.73	\$12,393.73

MOTRAN ALLIANCE, INC.
December 2017/City EDC Funding Breakdown

	<u>Budget</u> FY2016-17	<u>Current</u> Month	<u>YTD Amount</u>	<u>Remaining</u> Balance	<u>Percent</u> Remaining
Revenue					
Founding Members Dues	\$20,000.00	\$417.00	\$1,251.00	\$18,749.00	96%
Member Dues	\$47,000.00	\$2,500.00	\$2,500.00	\$44,500.00	95%
Midland Development Corp	\$90,000.00	\$45,000.00	\$45,000.00	\$45,000.00	50%
Odessa Development Corp	\$90,000.00		\$22,500.00	\$67,500.00	75%
Interest Income	\$100.00	\$33.10	\$99.87	\$0.13	0%
Misc. Income	\$18,000.00			\$18,000.00	100%
Total Revenues	\$265,100.00	\$47,950.10	\$71,350.87	\$193,749.13	73%
Expenditures					
Drive Smart Marketing					
Dues & Subscriptions					
Events					
Food & Entertainment					
Gifts					
Health Ins. Reimbursement					
Insurance					
I-14 Initiative	\$1,500.00		\$0.00	\$1,500.00	100%
Miscellaneous Expenses					
Office Lease					
Office Supplies					
Payroll-Salaries	\$68,000.00	\$5,582.00	\$16,426.00	\$51,574.00	76%
Payroll-Service Fee					
Payroll Taxes	\$5,000.00	\$416.78	\$1,228.29	\$3,771.71	75%
401 K Plan					
Postage					
Marketing	\$5,000.00	\$905.77	\$1,190.77	\$3,809.23	76%
Program Supplies					
Telephone					
Travel Expenses	\$5,000.00	\$955.18	\$994.47	\$4,005.53	80%
Professional Services	\$5,500.00	\$4,534.00	\$4,534.00	\$966.00	18%
TOTAL EXPENSES	\$90,000.00	\$12,393.73	\$24,373.53	\$65,626.47	73%

M I D L A N D - O D E S S A

MOTRAN

TRANSPORTATION ALLIANCE, INC.



Annual Report 2017

NEW INTERSTATES AND NEW INFRASTRUCTURE



This has been another exciting and productive year for MOTRAN. 2017 marks the 20th anniversary of the official formation of the Midland-Odessa Transportation Alliance, or MOTRAN.

Back in 1993, during the regional discussion of the potential extension of Interstate 27, business and community leaders came together and decided that Midland and Odessa should work together. As positive as the move was, it is important to understand the decision was not based entirely on ambivalence, but rather the realization that if Midland and Odessa competed against each other, neither would be successful, and the only way for either of our communities to be able to truly compete was by working together.

Since then, MOTRAN has been a catalyst for joint efforts and partnerships for Midland and Odessa, and throughout the region. Every month when our board, comprised of civic and business members from both communities, gathers together, we do so not just as MOTRAN board members but as ambassadors for our communities and a stronger voice for the Permian Basin.

So, while MOTRAN has been very successful in obtaining additional funding and helping develop much-needed infrastructure in the area, one of the most important things we accomplish is building and strengthening relations between our two communities and throughout the entire region.

Together, we have made projects that were thought to be impossible, like the expansion of SH 349 and SH 158, possible. We built support for local and private funding to leverage projects, when others told us that no one would support those efforts.

Even with a limited budget and small staff, we have made tremendous things happen for the betterment of our cities and region, and the common thread in each of those successes has been you. We may be a long way from the I-35 Corridor and there are a lot less of us than in the major metropolitan areas, but the citizens of the Permian Basin have a lot of heart and have never been afraid to stand up for what we believe in.

When we have asked for your support, you have always been there. There is no better example of this than our FIX 349 campaign which resulted in thousands of folks coming together to support the expansion of SH 349 from 2 lanes to 4 lanes. This year, the project was finally completed, but without your support, it would never have happened. As we move forward, we will need your support, once again, for projects like brining I-14 to Midland and Odessa, and to ensure that we remain in consideration for any possible extension of I-27.

Rest assured, we will keep working hard to advance the causes of the Permian Basin, and with your continued support, we will succeed!

Eric L. West, P.E., F.NSPE

Chairman

LEVERAGING AND ACCELERATING TRANSPORTATION INFRASTRUCTURE IN THE PERMIAN BASIN

Over the last 2 years, MOTRAN has worked diligently on a plan to leverage development and accelerate critical transportation infrastructure in the Permian Basin, and that work is now paying off.

The Unified Transportation Plan (UTP) is developed by TXDOT administration and updated twice each year. The UTP is the ten-year transportation funding blueprint or budget for Districts and Metropolitan Planning Organizations (MPO's).

Most of the funding in the UTP is designated by formula, however, some funding is allocated by the Commission to regionally and locally significant projects which address critical infrastructure issues or have an impact to growing the economy.

Our plan was to encourage the use of some local funding to help leverage projects to obtain additional funding during revisions and help accelerate some key projects that would not normally be built during the current ten-year period due to limited state funding.

The project is modeled in part, after our efforts to obtain additional funding for expansion of the State Highway 349 corridor between Midland and Lamesa. TXDOT had already scheduled significant maintenance funding for the existing roadway, but to expand the 2-lane corridor into a 4-lane undivided roadway, we had to raise additional funding from the Midland Development Corporation, Midland County, Dawson County, the City of Lamesa, and the Lamesa Development Corporation. Those additional local dollars sent a clear message to the Transportation Commission about how important those improvements were to people in the region.

In late 2016, the Midland Development Corporation and City of Midland approved allocating \$15 million towards this program, and in 2017, the Odessa Development Corporation and the City of Odessa also allocated \$15 million towards the program.

That constitutes a \$30 million investment in Midland and Ector Counties, alone, towards making significant improvements to critical infrastructure like Loop 250 and Loop 338.

Since then, we have also used this same model to encourage private investment throughout the Odessa District. Currently, 4 sand mining operations in the western portion of the Odessa District have agreed to put \$4.5 million towards improving area roadways around their plants to increase capacity and make our roads safer.

One company has even offered to look at additional funding to help leverage expansion of State Highway 302 in Winkler County.

The current 2016-2026 UTP for the Midland-Odessa area programmed \$168 million in funding for the 10-year period. During the initial 18 months of the program, our area has seen an addition \$53.3 million programmed in total funding or just over a 30% increase. During that same time, our area received an additional \$24 million in Category 12 (discretionary funding) or an increase of nearly 15%.

MOTRAN President James Beauchamp stated, "Our original goal was to bring about a 42% increase in funding for the area, but based on our results so far, we expect to see a much higher return. Recently, a lot of folks have been talking about improving relations in Midland and Odessa, but while they were talking about it, we implemented a plan that will greatly improve our infrastructure. People around the state are looking at Midland-Odessa in awe, wondering how we could get this done. We appreciate the leadership at MDC and ODC, as well as, both cities, they stepped up to the plate in a far more significant fashion than we anticipated or imagined, and area residents are going to benefit greatly from that investment.

1993

TXDOT studies extension of I-27 to I-20 and I-10 and community and business leaders in the Permian Basin unite to promote a Permian Basin Route.

1997

MOTRAN is officially created as a 501(c)6 non-profit and the La Entrada al Pacifico Corridor is designated by the Texas Legislature.

2003

MOTRAN transitions from volunteer organization to hire a full-time staff member. Construction is completed on new road from Chihuahua to Ojinaga.

2005

La Entrada al Pacifico receives federal designation as a National High Priority Corridor.

2007

Port of Topolobampo Improvements begin.

2009

SH349/Craddick Reliever Route completed.

2010

MOTRAN launches FIX349.com.

2011

SH 349 expansion to 4 lane between Midland and Lamesa is approved.

2012

SH 158 is approved for expansion to 4 lane.

2013

\$58 million in Energy Impacted Funding awarded.

2014

\$150 million in additional energy sector road funding for Permian Basin.

2015

Completion of Aldama Bypass and Governor Greg Abbott appoints Tryon Lewis from Odessa as Chairman of the Texas Transportation Commission.

2016

TXDOT approves expansion of the Presidio International Bridge and expansion of US 385 between Crane and McCamey.

2017

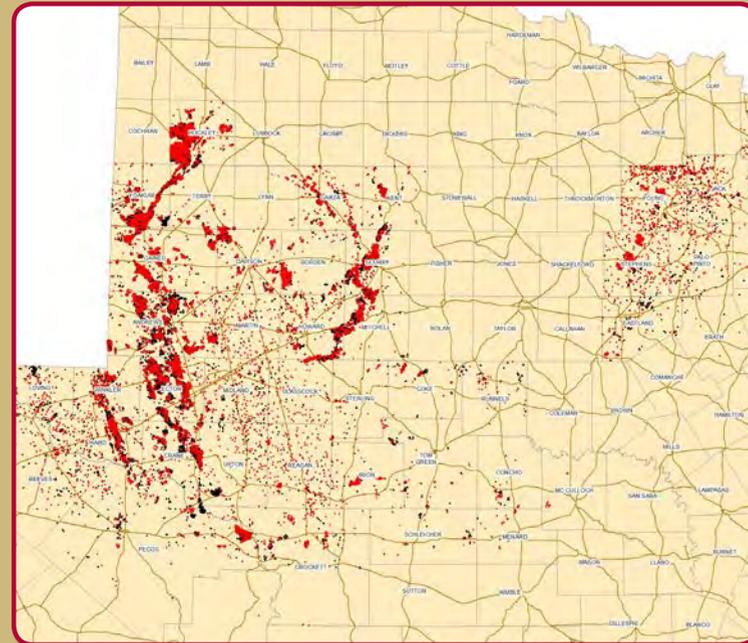
MOTRAN kicks off effort to bring Interstate 14 to Midland-Odessa.

DISPOSAL OF PRODUCED WATER DRIVING DAILY MILES TRAVELED

During the development of the Texas Freight Plan, MOTRAN officials noted a lack of focus on freight in the Permian Basin. Over the last year, through research and data collection, it was discovered that much of the data used in development of the state freight plan does not incorporate the high degree of regionally generated freight that we see in the energy sector and Permian Basin.

MOTRAN began looking for ways to document local and regionally generated freight. While much of the energy sector funding has historically been directed towards short-term drilling activity, MOTRAN has always encouraged looking at the long-term transportation impacts of actual production.

While so much of the emphasis on energy sector activity focuses on what it takes to produce a barrel of oil, long-time Permian insiders understand that the real impact to roads and highways is the disposal of produced/brine water that goes with it. In fact, for every barrel of oil produced, there are generally 3 to 5 barrels of produced water, and the bulk of that produced water is disposed of by trucks that move this freight from battery locations to disposal wells throughout the Permian Basin.



With the generous assistance of Railroad Commission Chairman Christi Craddick, MOTRAN worked to break down documented volumes of disposed water, converting that volume to truck trips, and daily truck miles. The conservative methodology produced astonishing results. When comparing the daily truck miles TXDOT estimates on roads and highways with the miles needed to dispose of produced water, we found a deficit of nearly half a billion miles.

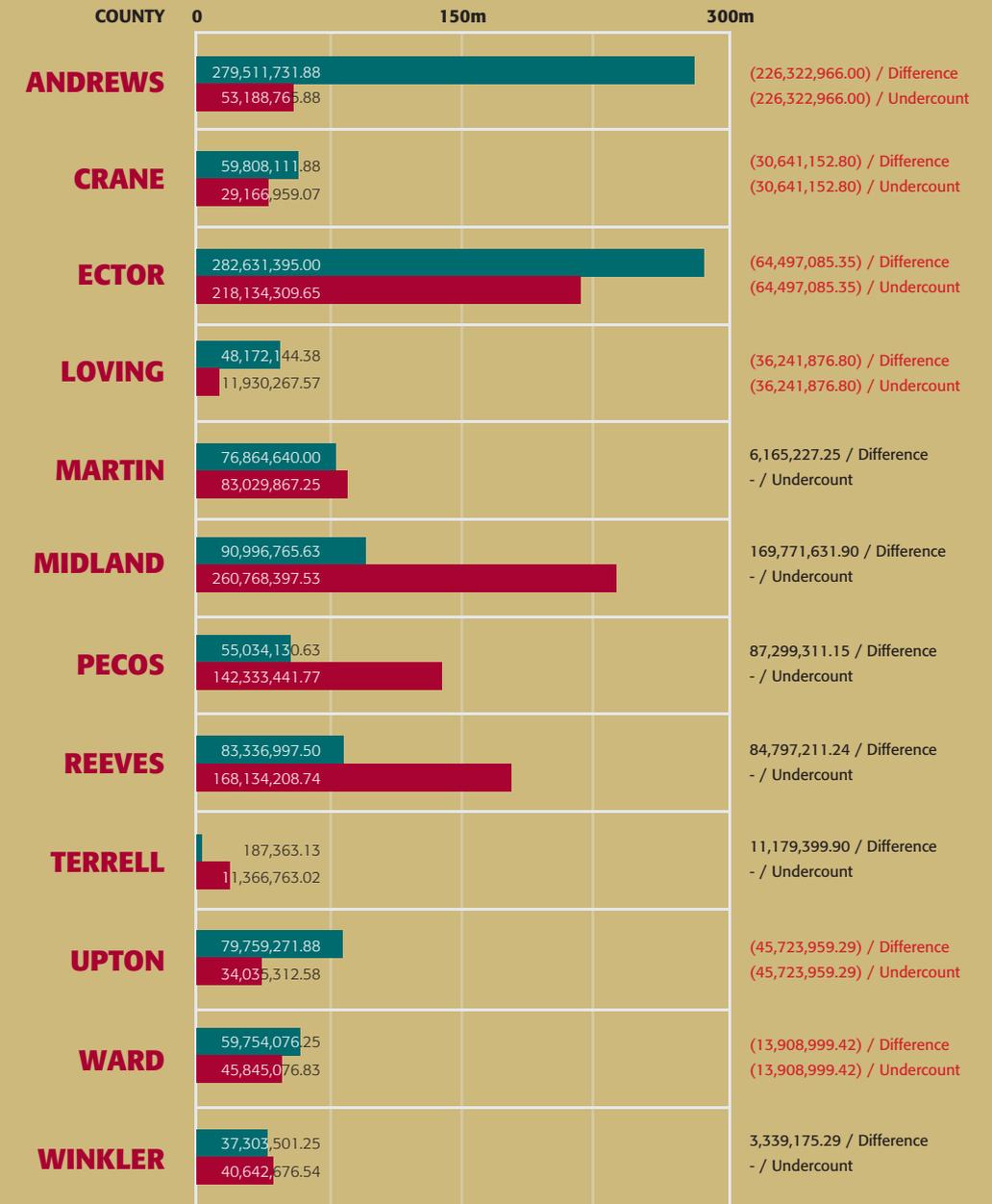
In other words, our area sees more truck miles from disposal of brine water, not including any other freight activity, than TXDOT has estimated in total.

Since these miles are a major factor in state funding formulas, the impact is tremendous.

"We are grateful for the opportunity these freight hearings have provided us to learn more about how TXDOT views freight in the state and to find well-documented data to make the case that this model needs to include factors to add regionally generated freight," said MOTRAN President James Beauchamp.

"While this factor is important to us in the energy sector, it is just as important to those involved in agriculture, and those manufacturing goods to be exported abroad who are not right on the border. These are significant economic drivers, but they really are not considered in the current freight model."

MOTRAN Chairman Eric West added, "We also understand the importance of this data to formula funding by the department. Being able to correct and provide better data means more funding for our area, and not just for today, but for years to come. We have tremendous funding challenges in the Permian Basin and Midland-Odessa area. While MOTRAN has been very successful at obtaining additional funding for key projects, we also believe our efforts in this endeavor will help develop the infrastructure necessary to make our community and region a better place for the next generation."



ODESSA DISTRICT 1,153,360,129.38 1,098,576,046.43 (54,784,082.94) / Difference (417,336,039.67) / Undercount

2016 WATER DISPOSAL MILES (teal bar) TXDOT ANNUAL TRUCK MILES (maroon bar)

WE FIXED SH 349

In 2010, we launched our FIX349.com campaign to build public support for the expansion of State Highway 349 between Midland and Lamesa.

Despite all our previous efforts to improve this two-lane, poor quality roadway, transportation officials did not deem the project worthy. Despite traffic increases, crashes and fatalities, and previous promises made to improve this roadway, the answer we got back, time after time, was simply, no.

That is, until they heard from you. Thousands of folks from the Permian Basin and Texas registered online with your comments and support for this project.

Today, State Highway 349 from Midland to Lamesa looks very different. As a four-lane roadway with improved shoulders and rumble strips, it has more capacity and is far safer to travel.

Work still continues on the southern cross or direct connector between SH 349 and US 87, just south of Lamesa via an expanded FM 2052. This project provides a better connection between the two roads, prevents traffic from having to connect by driving through residential and school neighborhoods to get to US 87, and improves safety at the intersection of SH 349 and SH 137.



When this project began, we never imagined we would have a real-life angel on our side. Jami and her children lost their husband and father, Mark Owen, in a tragic crash on SH 349, and our community lost a treasured soul. Jami turned the pain and grief she and her children suffered into determination and resolved to make this road safer and ensure that others would never have to experience the terrible loss she and her family did.

Her heart, determination, and leadership made this project a reality, and has taught us all how to persevere and be positive even in the most painful situations. Thank you, Jami!

THIS PROJECT WAS MADE POSSIBLE DUE TO THE SUPPORT AND FINANCIAL ASSISTANCE OF:

- Midland Economic Development Corporation
- Lamesa Economic Development Corporation
- Midland County
- Dawson County
- City of Lamesa
- MOTRAN Alliance
- Texas Department of Transportation
- Permian Basin MPO



THANK YOU

NOTEABLE LEVERAGE PROJECTS

New Interchange at Loop 250 and Fairgrounds
(2017 Midland)

New Interchange at N Loop 338 and US 385
(2018 Ector)

New Interchange at Loop 250 and CR 1150/CR 60
(2019 Midland)

New Interchange at I-20 and CR 1250
(2019 Midland)

New Interchange at E Loop 338 and Yukon
(2020 Ector)

New Interchange at Loop 250 and CR 1140
(2022 Midland)

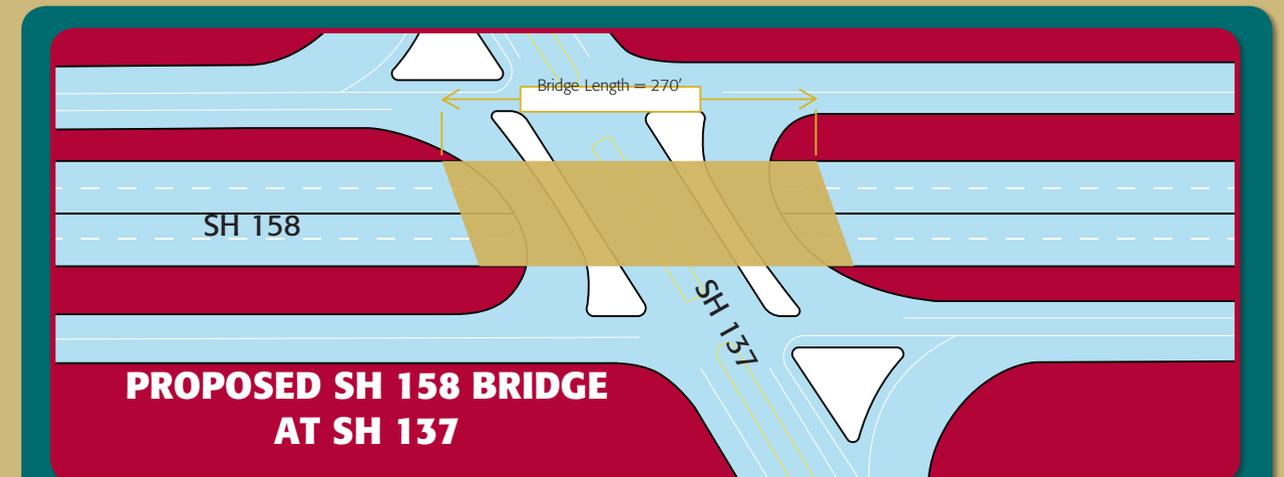
New Interchange at I-20 and Faudree
(2022 Ector)

New Interchange at S Loop 338 and US 385
(2024 Ector)



A very special thank you to Railroad Commission Chairman and Midlander Christi Craddick.

Her gracious assistance made it possible for us to finally prove the real freight volume that we see daily on our roads, but have previously not been able to quantify to folks in Austin.



MOTRAN recently participated in a public hearing held by the Texas Department of Transportation in Garden City. Over 80 were in attendance for the hearing regarding the proposed construction of an overpass at the intersection of SH 158 and SH 137, midway between Midland and Garden City. Area drivers already knew the intersection was dangerous, but Glasscock County Emergency Coordinator Christi Dyer helped bring that reality into focus, noting that 24% of all EMS calls in Glasscock County relate to incidents at this intersection.

MOTRAN ALLIANCE, INC. BOARD OF DIRECTORS

FOUNDING DIRECTORS

Renee Henderson Earls
Odessa Chamber of Commerce

Filiberto Gonzales
City of Odessa

Courtney Sharp
City of Midland

Judge Ron Eckert
Ector County

Brent Hilliard
Midland Chamber of Commerce

Robert R. Donnelly
Midland County

FOUNDING ORGANIZATIONS

Mayor David Turner
City of Odessa

Mayor Jerry Morales
City of Midland

Renee Henderson Earls
Odessa Chamber of Commerce

Judge Ron Eckert
Ector County

Bobby Burns
Midland Chamber of Commerce

Judge Mike Bradford
Midland County

DIRECTORS AT LARGE

Eric West • J.D. Faircloth • Tom McMinn • Trey Crutcher • Sondra Eoff • Stephen Robertson

ECONOMIC DEVELOPMENT PARTNERS

Pam Welch, Midland Development Corporation • Wesley Burnett, Odessa Development Corporation

PAST CHAIRS

Charles R. Perry • Bob Barnes • Betsy Triplett-Hurt • Buddy Sipes • Don Wood • Kyle Womack • Danny Jones • Steve Castle
Trey Crutcher • Robert R. Donnelly • Drew Crutcher • Leldon Hensley • Susie Hitchcock-Hall • David Boutin

MOTRAN ALLIANCE, INC. 2017 BUSINESS CONTRIBUTORS

A Special Thank You to Our 2017 MOTRAN Business Members!

PLATINUM

DEW Investments, LLC
Jones Bros. Dirt & Paving

GOLD

J.D. Faircloth, CPA
Union Pacific Railroad
Presidio Municipal Development District
RCS, Inc.
Community National Bank
Shell Exploration & Production Company
Parkhill, Smith & Cooper, Inc.

SILVER

Navigator Oil & Minerals
Frost Bank
Odessa Pumps & Equipment, Inc.
Fasken Oil and Ranch, Ltd.
First Capital Bank
Reece Albert, Inc.
Younger Properties
Gulf Coast Authority
Southwest 66 Credit Union
Maverick Engineering
Republic Services

SUPPORTING

Cowboys Resources
Trey Crutcher, Attorney
The Eastland Oil Company
Weaver and Tidwell, LLP
Latigo Petroleum, LLC
SBC, LP
Oncor
City of Lamesa
Rush Truck Center
Medical Center Health System
Weidner Properties
LCA, Inc.
The Havens Group
CVA Advertising and Marketing

STANDARD

SouthWest Bank
James B Goates, DDS, Inc.
Purvis Oil Corporation
Texas Pacifico Transportation, Ltd.
Chisos Operating
Pinkie's, Inc.
McMinn's Furniture
Permian Basin Board of Realtors
Odessa Board of Realtors



Odessa Chamber of Commerce

Economic Development

Services for the Odessa Development Corporation

January 2018

PROJECTS

2007-01 Summit

- Company has ended the project for Odessa due to the lack of DOE support
- Representation retained for Odessa interests; will keep ODC updated

2017-04

- Midland plumbing supply company looking to place a new distribution center in Odessa
- Ongoing discussions with company
- Exploring sites in Odessa
- Company representatives to narrow description and parameters for the project in Odessa
- Company has decided to explore lease options in Odessa, will continue discussion
- Company is seeking a 30Ksf building for their distribution center; 4Ksf for office space and 2-4 acres of land

2017-09

- Steel fastener manufacturer company seeking a 60K SF building with a build to suit option, creating 60 jobs and a \$500,000 capital investment
- No Update

2017-10

- Investors are interested in building a diesel refinery location in Odessa; This is a 50-million-dollar investment project that requires 40 acres of land. This will create 40-50 jobs during the building process and will sustain 10 jobs after (due to automation). This project has permits in place with TCEQ and EPA clearance
- Ongoing- No update

2017-11

- This greenhouse project requires 15-20 acres, will create 20-50 jobs and \$1 million annual payroll. They will run lights 20 hours a day, high water volume; 1 million gallons the first week and 25K gallons per week after that. They will treat their own water on sight and need natural gas
- Company is still reviewing Texas sites

2017-12

- This solar panel project is seeking property in Ector County, will create 100 jobs during construction and sustain several local jobs for the operating life of the plant. This is a \$50 million capital investment to create 50 megawatts of solar capacity for the region
- Company representatives in Odessa during the month of December 2017, met with Economic Development Department and taxing entities
- Application received for tax incentives
- Met with OC Finance Committee January 19, 2018
- OC Trustees met January 30, 2018 to vote on Tax Abatement

2018-01

- Lead from the Governor's office; This company, a chemical manufacturing business is seeking a HQ location in Odessa, adding 200 jobs to the workforce
- Seeking rail served location

2018-02

- State Enterprise project
- Applying for ODC assistance, could be adding 100 jobs

OHCC- PROJECTS

- No current projects to report at this time

OHCC- Applications

- Economic Development Department has No current application from the Hispanic Chamber of Commerce

Odessa Partnership

- Meeting held January 2018
- Next scheduled meeting is March 2018

Business Retention & Expansion

- ✓ Completed 5 visits to local industries in January

SERVICES AND OTHER ACTIVITIES

- ✓ Ingham Economic Index November Reports sent out via Mailchimp list
- ✓ Odessa Development News/Economic Indicators sent out via Mailchimp to 2,200 subscribers
- ✓ Submitted information on an inquiry for 30KSF facility 2-4 acres with room to expand
- ✓ Chmura presentation with Rick Lombardo
- ✓ Submitted demographic information to David Austin for Annual Audit Report
- ✓ Completed 1st Quarter Cost of Living Survey, C2ER
- ✓ Meeting with JPS Realty Frances Romero
- ✓ Submitted Apartment Survey Information to Saulsbury HR assistant
- ✓ Completed a Certificate of Origin for AVTEL COM LLC – Saudi Arabia
- ✓ Submitted information on an inquiry for 2-4 acres in the industrial park district

Partner Visits

Jason Harrington	Inquired about a Down Town business opportunity
Dewey Bryant	Staff attended meeting with City Council Member
Permian Basin Workforce Solutions	Director participating in childcare planning committee
Down Town Odessa Inc.	Down Town Monthly meeting with DT Director, Sondra Eoff and Michael Marrero
Michael Marrero	Staff attended meeting at City Hall
Willie Taylor	Child Care and Work Force
Leadership	Staff participating in Leadership Odessa program
SENATOR SELIGER & LAUREN BRADFORD	Met with State officials
REP. LANDGRAF AND DUSTIN FAWCET	Staff met with Representatives and his local director
Permian Basin Rehabilitation Center	Board Meeting
Site Selectors/Consultant visits	Los Angeles
Ector County Advisory Panel	Hosted meeting at the Odessa Chamber of Commerce
Price Arredondo- Hispanic Chamber of Commerce	Met Interim President at Odessa Chamber of Commerce
Betsy Triplet- Hurt & Barbara Graff	Met to discuss the Matrix

Services for the Odessa
Development Corporation

Odessa Chamber of Commerce



JANUARY 2018 ACTIVITIES

SMALL BUSINESS DEVELOPMENT:

- In discussion with LiftFund (a micro lender) to set up a memorandum of understanding. Funding opportunity for start-up businesses. Expect to be in place in late February. Contacting local banks to assist in promoting.
- Providing assistance to Pody's BBQ (Pecos, Tx) for a downtown Odessa location. Owners planning to make a decision in the Spring. Anticipates hiring 15 full and part-time employees. Downtown Odessa helping identify available real estate.
- Request from Bella Casita Imports to assist in finding a larger and higher traffic retail space downtown. Reached out to Downtown Odessa to assist in locating available real estate.
- Assisting individual with funding options to start a "hot shot" business.
- Assisting individual to organize early stage business to reproduce rock façade.
- Providing assistance to individual that wants to build an RV park.
- SBD Committee Chair, setting up quarterly workshops for new business owners.
- Planning a Hispanic Business Achievers Awards Luncheon in September.

MARKETING:

- Discussed w/Christi at CVAAD branding and updating MI and Chamber promotional documents, web site and logo. Proposal forthcoming.
- Discussed w/Bar-Z Mobile Development, the Odessa mobil app. Chamber to be a partner.
- Evaluating Chamber Member software.
- Evaluating software to track projects for both Chamber and MI.
- January Chamber Newsletter increased subscribers (via email) by 23%.

COLLABORATIONS:

- City of Odessa. Meetings w/City Manager & Councilman Gonzales
- Odessa Chamber of Commerce. Meeting w/Renee Henderson Earls & Wesley Burnett.
- Black Chamber of Commerce. Introduction w/Odel Crawford
- UTPB Small Business Development Center. Introduction w/Enrique Romero
- ODC. Introduction w/some Board members.
- DOWNTOWN ODESSA. Meeting w/Lawanna Lambert.

UP COMING EVENTS:

- Annual Golf Tournament set for Monday, April 16 at Ratliff Ranch Golf Links
- "In Her Shoes" scheduled for April 24, 25 and 26. Banquet on the 26th. Coordinating w/AEC. Location and speakers TBD.
- Career Fest set for May 15, 16 and 17. Coordinating w/AEC.

OTHER:

- Forming Education and Event Committees. To include Board and Chamber members.

END OF REPORT

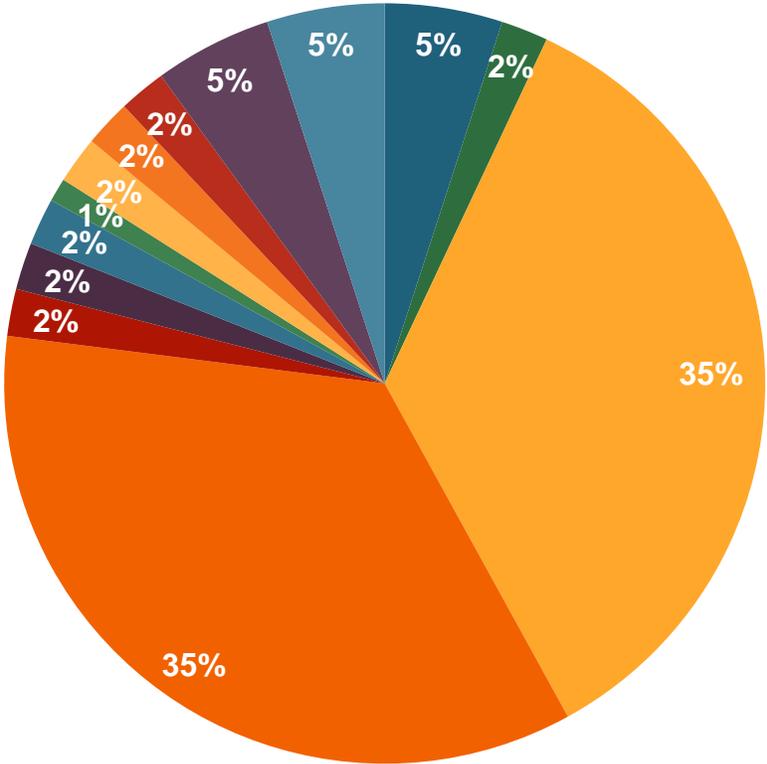
MEXICO INITIATIVES

January 2018

In January, a general review of last year was made in order to capitalize on the projects with most potential. A new structure of presenting information with the International Coordinator was reviewed.

A chart of the time invested in each company, directly proportional to its advancement is presented for illustration purposes.

- Gold & Ductus
- SPKR & Supono
- Evangel & Crow
- Peacock
- Hawkeye
- ECISD
- Eagle
- SLP
- Falcon & Taurus
- Taurus & Indy
- JTH
- UTCH & UTPB
- Bluebird



BLUE BIRD

- Made arrangements for Blue Bird to meet with Eagle; a manufacturer of software & hardware to have Eagle perform technical training for Odessa students.
- Arrangement was made for Eagle visit. Eagle arrived on Jan 23 to Odessa with professionals from Japan and the U.S. and commenced training. Training involved process applications in the oil and gas industry. From ODC, Gene Collins and myself attended and considered very successful.
- Short meeting was held with Eagle in the interest of the oil & gas lab with all technical process with software and hardware; including data transfer through IT networks and internet.
- Invitation was made and expect them to be here in Odessa. UTPB will be included with the Petroleum Engineering Department.

EAGLE

- This subject includes Gene Collins and will have his words. This project includes bringing the distribution of software for the oil & gas industry.

GOLD & DUCTUS

- These companies are in the process of quoting projects. These projects will help GOLD to expand, create at least two professional jobs and more sales in the Odessa market. Structures and platforms for the oil & gas are the main activity of these companies.

HAWKEYE

- This project is on follow up with the American side to define whether is convenient or not to invest in Odessa for distribution of beer.

TAURUS & FLAVIS

- Quotes on mud tanks are in process in order to offer Taurus a competitive pricing.

EVANGEL & CROW

- Crow already working in manufacturing components for pulling units. Delivery should be within next two months.

SLP

- Company SLP, a manufacturer of Polypipe, delivered competitive pricing. Work is being done on helping introducing this company and its certifications to Odessa interested distributors.

UTCH

- Contact was made with this university in order to follow up on the technology training proposal. Institution is open to receive information and integrate in this strategy.

SPKR & SUPPONO

- Two local foundries in Chihuahua were located. A proposal to introduce SPKR to these Chihuahua foundries is being made for possible joint venture. This project will bring great savings to the Odessa company. These savings can be reinvested for expansion, hence more sales and jobs locally.

ECISD

- A call was made to Austin, Texas to the Board of Education in order to follow up with the teacher certification strategy to happen in Chihuahua. Working on scheduling and coordinating with ECISD to present strategy for approval is being made.

JTH

- Contacting JTH to oversee extra information on information technology and possible conferences for applications in the oil & gas industry was made. Waiting on their availability to proceed.

PEACOCK

- Follow up on this project is being made in order to meet demand, expand and increase activity of trash recollection in the region.

FALCON & TAURUS

- Working on new project quotation for mud controlling units. Waiting on response from TAURUS.

INDY & TAURUS

- Working on same new project for mud controlling units from INDY for a second quote. Waiting on INDY to deliver quote.

END OF REPORT

ITEM

4

OHCC and MI Introductions

ITEM

5

Other Agency Presentations

ITEM

6

Committee Appointments

ODC Committees

Partnership:Tim Edgmon and _____ (formerly Charles Carlson)

Tax Incentive:Committee: Gene Collins and _____ (formerly Charles Carlson)

Advertising:.....Gene Collins and Betsy Triplett-Hurt

Int'l Director Search:Melanie Hollmann

DOI Design:Gene Collins

EXHIBIT "A"

BYLAWS OF
ODESSA DEVELOPMENT
CORPORATION

ARTICLE II
BOARD OF DIRECTORS

Section 2.7 **Committees of the Board.** The Board may designate two or more directors to constitute an official committee of the Board to exercise such authority of the Board as may be specified in the resolution. It is provided, however, that all final, official actions of the Corporation may be exercised only by the Board. Each committee so designated shall keep regular minutes of the transactions of its meetings and shall cause such minutes to be recorded in books kept for that purpose in the principal office of the Corporation.

ITEM

7

2017 Annual Audit

RESOLUTION NO. ODC-2018R-___

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE ODESSA DEVELOPMENT CORPORATION, APPROVING THE ANNUAL AUDIT REPORT OF THE ODESSA DEVELOPMENT CORPORATION FOR THE FISCAL YEAR 2016-2017; AND DECLARING AN EFFECTIVE DATE.

WHEREAS, the ODC Budget Audit Committee, on January 8, 2018, at 2:00 pm, recommended approval of the annual audit report for the fiscal year 2016-2017;

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE ODESSA DEVELOPMENT CORPORATION:

Section 1. That the statements of fact in the Preamble are found to be true and correct and are approved as findings of the Board.

Section 2. That the annual audit report of the Odessa Development Corporation for fiscal year 2016-2017, a copy of which is attached hereto, is approved.

Section 3. That this resolution shall be effective at the time of its adoption.

The foregoing resolution was approved and adopted on the 8th day of February, A.D., 2018, by the following vote:

Gene Collins	___
Melanie Hollmann	___
Betsy Triplett-Hurt	___
Ted Tuminowski	___
Tim Edgmon	___

Approved the 8th day of February, A.D., 2018.

Betsy Triplett-Hurt, President

ATTEST:

Norma Aguilar-Grimaldo, Assistant Secretary

Odessa Development Corporation (A Component Unit of the City of Odessa, Texas)

Annual Financial Report

For the Fiscal Year Ended September 30, 2017

Odessa Development Corporation
Annual Financial Report
For the Fiscal Year Ended September 30, 2017
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Financial Section

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Independent Auditor's Report

To the Board of Directors
Odessa Development Corporation
Odessa, Texas

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and the major fund of the Odessa Development Corporation (the Corporation) (a component unit of the City of Odessa, Texas) as of and for the year ended September 30, 2017, and related notes to the financial statements, which collectively comprise the Corporation's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Odessa Development Corporation's management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and major fund of the Odessa Development Corporation as of September 30, 2017, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

The Board of Directors
Odessa Development Corporation
Odessa, Texas

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5 through 9 and the schedule of revenues, expenditures, and changes in fund balance – budget and actual on page 26 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Odessa Development Corporation's basic financial statements referred to above. The accompanying schedule of committed funds for business incentives/training grants is presented for purposes of additional analysis and is not a required part of the basic financial statements.

This schedule is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of committed funds for business incentives/training grants is fairly stated in all material respects in relation to the financial statements as a whole. The accompanying schedule of business incentives paid has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated **January XX, 2018**, on our consideration of Odessa Development Corporation's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Odessa Development Corporation's internal control over financial reporting and compliance.

WEAVER AND TIDWELL, L.L.P.

Midland, Texas
January XX, 2018

Management's Discussion and Analysis

As management of the Odessa Development Corporation (the Corporation), we offer readers of the Corporation's financial statements this narrative overview and analysis of the financial activities of the Corporation for the fiscal year ended September 30, 2017.

Financial Highlights

- The assets and deferred outflows of resources exceeded liabilities at the close of the most recent fiscal year by \$37,398,507 (net position). The unrestricted net position of \$37,398,507 may be used to meet the Corporation's ongoing obligations to citizens and creditors.
- The Corporation's total net position increased by \$2,841,221. This increase is due to sales tax revenue increases and payment/accrual of incentive funds to businesses for the promotion and encouragement of employment and the capital investment in the City of Odessa, Texas.
- As of the close of the current fiscal year, the Corporation's governmental fund reported ending fund balance of \$37,398,507, an increase of \$2,841,221 in comparison with the prior year. Of this balance, \$2,718,549 is available for spending at the Corporation's discretion.
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$2,718,549 or 38% of the total general fund expenditures.
- The Corporation has commitments to various companies and programs as of September 30, 2017 in the amount of \$23,179,958. This is an increase of \$13,290,058 compared to the previous year.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the Corporation's basic financial statements. The Corporation's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also may contain other supplementary information in addition to the basic financial statements themselves.

Government-Wide Financial Statements. The *government-wide financial statements* are designed to provide readers with a broad overview of the Corporation's finances, in a manner similar to a private-sector business.

The *Statement of Net Position* presents information on all of the Corporation's assets, deferred outflows of resources and liabilities, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Corporation is improving or deteriorating.

The *Statement of Activities* presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus revenues and expenses are reported in this statement for some items that will only result in cash flows in the future fiscal periods (e.g., sales tax revenue).

Both of the government-wide financial statements only reflect the governmental-type fund for the Corporation since no business-type activities are maintained. The government-wide statements can be found on pages 13 and 14 of this report.

Fund Financial Statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Corporation, like other quasi-governmental organizations, created as a public instrumentality and non-profit industrial development corporation under provisions of the Development Corporation Act of 1979 of the state of Texas, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The Corporation only maintains a governmental fund type category.

Governmental Funds. *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The Corporation maintains only one individual governmental fund. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund.

The Corporation adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 15 and 16 of this report.

Notes to the Financial Statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to financial statements can be found on pages 17 through 24 of this report.

Government-Wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Corporation, assets and deferred outflows of resources exceeded liabilities by \$37,398,507 at the close of the most recent fiscal year.

By far the largest portion of the Corporation's net position is reflected in its cash and investments, receivables, and advanced payments to grantees. These assets and deferred outflows of resources are to be used for grants and loans to businesses that provide jobs and capital investments in the City of Odessa, Texas.

Odessa Development Corporation's Net Position

	Governmental Activities	
	2017	2016
Assets	\$ 47,807,053	\$ 44,046,730
Total assets	47,807,053	44,046,730
Deferred outflows of resources	216,000	1,192,106
Total deferred outflows of resources	216,000	1,192,106
Liabilities	10,624,546	10,681,550
Total liabilities	10,624,546	10,681,550
Net position:		
Unrestricted	37,398,507	34,557,286
Total net position	\$ 37,398,507	\$ 34,557,286

Odessa Development Corporation's Statement of Activities

	Governmental Activities	
	2017	2016
Revenues		
General revenues:		
Sales taxes	\$ 9,616,257	\$ 7,679,466
Unrestricted investment earnings	371,607	224,602
Total revenues	9,987,864	7,904,068
Expenses		
General government	7,146,643	14,239,153
Total expenses	7,146,643	14,239,153
Change in net position	2,841,221	(6,335,085)
Net position - beginning as originally stated	34,557,286	39,034,915
Prior period adjustment	-	1,857,456
Net position - beginning	34,557,286	40,892,371
Net position - ending	\$ 37,398,507	\$ 34,557,286

The Corporation's total revenues for governmental activities provided \$9,987,864, mainly through collection of the ¼ cent sales tax.

Of the total general government expenses of \$7,146,643, the incentive line item cost was \$4,686,501 or 66%. In addition, a total of \$738,551 or 10% was spent primarily on marketing, supplies, other, and contingency expenses. The remaining balance of \$1,721,591 or 24% was spent on administrative-type expenses including contracts with the Odessa Chamber of Commerce (\$800,000), MOTRAN (\$85,025), Hispanic Chamber of Commerce (\$195,673), UTPB X-Energy (\$208,974), and the City of Odessa, Texas (\$229,224).

Financial Analysis of the Government's Funds

As noted earlier, the Corporation uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds. The focus of the Corporation's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Corporation's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the Corporation's governmental fund reported ending fund balance of \$37,398,507, with an increase of \$2,841,221 in comparison with the prior year.

The committed to business incentives and training grants fund balance account of \$23,179,958 is an increase of \$13,290,058 as compared to the previous fiscal year. The assigned fund balance of \$11,500,000 is an increase of \$11,500,000 as compared to the previous fiscal year, and is related to a resolution passed by the Board of Directors to provide funding for the Texas Department of Transportation (TXDOT) infrastructure projects necessary to promote or develop new or expanded business enterprises.

General Fund Budgetary Highlights

A favorable revenue variance of \$1,762,864 was shown as of the end of the fiscal year, due primarily to an increase in sales tax collected. The expenditures reflected a favorable variance of \$30,350,415. The majority of the variance was in the incentives account in the amount of \$30,313,499. This variance is due to fewer grants or loan contracts being issued than was budgeted. The budgetary highlights can be found on page 26 of the report.

Current budgetary practice is to allocate all of the estimated fund balance during the budget process to the next year's incentive account leaving a zero fund balance at the end of the fiscal year being proposed.

Capital Asset and Debt Administration

As of the end of the current fiscal year, the Corporation does not have any capital assets or outstanding debt.

Economic Factors and Next Year's Budgets and Rates

The following economic factors were considered in preparing the Corporation's budget for fiscal year 2018:

- Sales tax collection was increased to \$8,472,560, due to the rise in the local economy and in the price of oil.
- A change in investment income to \$200,000, which is an increase of \$50,000 due to the increase in the investment balance in the current year, and due to diversifying the Corporation's investment portfolio.
- Continue the practice of maintaining zero unassigned fund balance.

The total budgeted revenues for fiscal year 2018 are \$8,672,560, a \$447,560 increase from the prior year. The budgeted appropriations for fiscal year 2018 are \$37,797,795, which is an increase of \$300,737 or .8%.

Request for Information

This financial report is designed to provide a general overview of the Odessa Development Corporation's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Treasurer, Odessa Development Corporation, P.O. Box 4398, Odessa, Texas 79760.

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Financial Statements

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Odessa Development Corporation
(A Component Unit of the City of Odessa, Texas)

Statement of Net Position

September 30, 2017

	Governmental Activities
ASSETS	
Cash and investments	\$ 45,656,443
Receivables	2,139,552
Prepaid items	11,058
	<hr/>
Total assets	47,807,053
DEFERRED OUTFLOWS OF RESOURCES	
Advance payments to grantees	216,000
	<hr/>
Total deferred outflows of resources	216,000
LIABILITIES	
Accounts payable	1,119,204
Contracts payable	9,505,342
	<hr/>
Total liabilities	10,624,546
NET POSITION	
Unrestricted	37,398,507
	<hr/>
TOTAL NET POSITION	<u><u>\$ 37,398,507</u></u>

The Notes to the Financial Statements are an integral part of this statement.

Odessa Development Corporation
(A Component Unit of the City of Odessa, Texas)

Statement of Activities

For the Fiscal Year Ended September 30, 2017

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Net (Expenses) Revenue and Changes in Net Position</u>
		<u>Governmental Activities</u>
PRIMARY GOVERNMENT		
Governmental activities:		
General government		
Supplies and materials	\$ 1,331	\$ (1,331)
Other operating expenditures	7,178	(7,178)
Services	1,721,591	(1,721,591)
Marketing	730,042	(730,042)
Incentives	4,686,501	(4,686,501)
	<u>\$ 7,146,643</u>	<u>(7,146,643)</u>
General revenues:		
Sales tax		9,616,257
Unrestricted investment earnings		371,607
		<u>9,987,864</u>
Total general revenues		<u>9,987,864</u>
Change in net position		2,841,221
Net position - beginning of year		<u>34,557,286</u>
NET POSITION - END OF YEAR		<u>\$ 37,398,507</u>

The Notes to the Financial Statements are an integral part of this statement.

**Odessa Development Corporation
(A Component Unit of the City of Odessa, Texas)**

Balance Sheet – Governmental Fund
September 30, 2017

	General	Total Governmental Funds
	2017	2017
ASSETS		
Cash and investments	\$ 45,656,443	\$ 45,656,443
Receivables	2,139,552	2,139,552
Prepaid items	11,058	11,058
	47,807,053	47,807,053
DEFERRED OUTFLOWS OF RESOURCES		
Advance payments to grantees	216,000	216,000
	216,000	216,000
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES		
	\$ 48,023,053	\$ 48,023,053
LIABILITIES		
Accounts payable	\$ 1,119,204	\$ 1,119,204
Contracts payable	9,505,342	9,505,342
	10,624,546	10,624,546
FUND BALANCE		
Committed to:		
Business incentives/training grants /other	23,179,958	23,179,958
Assigned	11,500,000	11,500,000
Unassigned	2,718,549	2,718,549
	37,398,507	37,398,507
TOTAL LIABILITIES AND FUND BALANCE		
	\$ 48,023,053	
Amounts reported for governmental activities in the statement of net position are different because: No differences		-
NET POSITION OF GOVERNMENTAL ACTIVITIES		\$ 37,398,507

The Notes to the Financial Statements are an integral part of this statement.

Odessa Development Corporation
(A Component Unit of the City of Odessa, Texas)
 Statement of Revenues, Expenditures, and Changes
 in Fund Balance – Governmental Fund
 For the Fiscal Year Ended September 30, 2017

	<u>General</u>	<u>Total Governmental Funds</u>
	<u>2017</u>	<u>2017</u>
REVENUES		
Sales tax	\$ 9,616,257	\$ 9,616,257
Investment income	371,607	371,607
Total revenues	9,987,864	9,987,864
EXPENDITURES		
Supplies and materials	1,331	1,331
Other operating expenditures	7,178	7,178
Services	1,721,591	1,721,591
Marketing	730,042	730,042
Incentives	4,686,501	4,686,501
Total expenditures	7,146,643	7,146,643
Excess of revenues over expenditures	2,841,221	2,841,221
Fund balance - beginning of year	34,557,286	34,557,286
FUND BALANCE - END OF YEAR	<u><u>\$ 37,398,507</u></u>	<u><u>\$ 37,398,507</u></u>

The Notes to the Financial Statements are an integral part of this statement.

Odessa Development Corporation (A Component Unit of the City of Odessa, Texas)

Notes to the Financial Statements

Note 1. Summary of Significant Accounting Policies

A. Definition and Nature of Entity

The Odessa Development Corporation (the Corporation) is a quasi-governmental organization created on December 1, 1997 as a public instrumentality and non-profit industrial development corporation under provisions of the Development Corporation Act of 1979 of the state of Texas, and is funded by a ¼ percent sales tax.

The Corporation is governed by a five-member Board of Directors appointed by the City Council, and the Corporation's annual operating budget, as well as projects undertaken by it, is subject to approval by the City Council. Because of this oversight responsibility, the Corporation is considered to be a component unit of the City of Odessa, Texas, and in accordance with Governmental Accounting Standards Board (GASB), its financial affairs are included in the City's comprehensive annual financial report as a discretely-presented entity. Based on the nature of its major revenues, it is included in the City's governmental funds presentation.

The purpose of the Corporation is to promote and develop industrial and manufacturing enterprises in order to eliminate unemployment and underemployment, and to promote and encourage employment and the public welfare of, for, and on behalf of the City, and to do any and all projects authorized by section 4A of the Development Corporation Act.

B. Basis of Presentation - Government-Wide and Fund Financial Statements

The basic financial statements of the Corporation are presented at two basic levels, which are the government-wide level and the fund level. These statements focus on the Corporation as a whole at the government-wide level and on the major fund at the fund level whereas financial statements prior to GASB No. 34, as amended by GASB 61, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*, focused on reporting by fund type. The government-wide financial statements (i.e. the statement of net position and the statement of activities) report information on all activities of the Corporation. There is no interfund activity in the Corporation's statements. Governmental activities, which are normally supported by taxes and intergovernmental revenues, are the only reported activities.

The government-wide statement of net position reports all financial and capital resources of the Corporation and is presented in an "assets plus deferred outflows of resources minus liabilities equal net position" format with net position reported in the order of relative liquidity. In addition, assets, deferred outflows of resources and liabilities are presented in relative order of liquidity with liabilities, which have an average maturity of more than one year separated into the amount due within one year and the amount due in more than one year.

The government-wide statement of activities identifies the relative financial burden of each of the Corporation's functions on the taxpayers by identifying direct expenses and the extent of self-support through program revenues. Direct expenses are clearly identifiable expenses that can be specifically associated with a function. Program revenues are revenues derived directly from the function or from other sources, which reduce the net cost of the function to be financed from general government revenues. Program revenues are: 1) charges to customers who purchase, use, or directly benefit from services provided by a function and which are generated by that function, 2) grants and contributions restricted to operating requirements of a function, and 3) grants and contributions restricted to capital requirements of a function. The Corporation had no program revenues for 2017 year. Items such as taxes, investment earnings and non-specific grants are not included as program revenues but are instead reported as general revenues, which normally cover the net cost of a function.

Odessa Development Corporation (A Component Unit of the City of Odessa, Texas)

Notes to the Financial Statements

Fund level financial statements are presented for the governmental fund, with a focus on the major fund. A major fund is defined by GASB as a fund meeting certain specific asset, deferred outflows of resources, liability, revenue, or expenditure/expense criteria relative to all funds of that type and relative to the total for all governmental and enterprise funds combined.

A budgetary comparison schedule for the General Fund is included in the required supplementary information (RSI).

C. Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as *current financial resources* or *economic resources*. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The government-wide statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Exchange and exchange-like transactions, transactions in which the Corporation gives or receives value and receives or gives equal value, that create revenues, expenses, gains, losses, assets, deferred outflows of resources or liabilities are recognized when the exchange occurs. Non-exchange transactions, transactions in which the Corporation gives or receives value without receiving or giving equal value in exchange, that result in revenues, expenses, gains, losses, assets, deferred outflows of resources or liabilities are recognized in accordance with GASB. The treatment of non-exchange transactions is grouped in four classes based upon the principal characteristics of the transaction and reported according to those characteristics.

The governmental fund financial statements are reported using the *current financial resources measurement focus* and *modified accrual basis of accounting*. Under the *modified accrual basis of accounting*, revenues are recognized when susceptible to accrual, i.e., both *measurable and available*. “Measurable” means the amount of the transaction can be determined and “available” means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. In the case of sales taxes, available means due within the current period and collected within the current period or soon enough thereafter to be used to pay liabilities of the current period. Such time thereafter shall not exceed 60 days.

Expenditures are generally recorded when a fund liability is incurred.

Governmental fund level revenues, which have been accrued based upon the susceptible to accrual concept, are sales taxes.

The only major fund used by the Corporation is the general fund; as the only operating unit of the Corporation, this fund accounts for the major activities of the Corporation, which include collection of sales tax revenues and payment of contractual expenditures.

There are no significant differences in the amounts reported as governmental activities under the *accrual basis of accounting* and amounts reported on governmental funds under the *modified accrual basis of accounting*.

Odessa Development Corporation (A Component Unit of the City of Odessa, Texas)

Notes to the Financial Statements

D. Assets, Liabilities, Deferred Outflows of Resources, and Net Position/Fund Balance

1. Investments

Investments for the Corporation, except for certain investment pools and non-negotiable certificates of deposit, are reported at fair value. The investment pools operate in accordance with appropriate state laws and regulations and are reported at amortized cost. Non-negotiable certificates of deposit are reported at cost.

2. Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

3. Deferred Outflows of Resources

Deferred outflows of resources represent a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expenditures/expense) until then. The Corporation currently has one item that arises under the *modified accrual basis of accounting* and *accrual basis of accounting* that qualifies for reporting in this category. Accordingly, the advance payment to grantees is reported in the governmental fund balance sheet and statement of net position.

4. Sales Taxes

Sales taxes are recognized as receivables and revenues in the period when the exchange transaction on which tax is imposed occurs on the *accrual basis of accounting* and when measurable and available under the *modified accrual basis of accounting*. Sales taxes accrued are considered available.

5. Income Taxes

Because the Corporation is wholly owned by the City of Odessa, Texas, and its revenues are related to its public purpose, any net revenues of the Corporation are exempt from federal income tax under the Internal Revenue Code of 1986, as amended.

6. Net Position Flow Assumption

Sometimes the Corporation will fund outlays for a particular purpose from both restricted and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the government-wide financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the Corporation's policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

7. Fund Balance Flow Assumptions

Sometimes the Corporation will fund outlays for a particular purpose from restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the City's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

Odessa Development Corporation (A Component Unit of the City of Odessa, Texas)

Notes to the Financial Statements

In the fund financial statements, fund balances are required to be reported according to the following classifications:

Nonspendable Fund Balance – Includes amounts that cannot be spent because they are either not in spendable form, or, for legal or contractual reasons, must be kept intact. The Corporation has no nonspendable fund balance at September 30, 2017.

Restricted Fund Balance – Constraints placed on the use of these resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors or other governments; or are imposed by law (through constitutional provisions or enabling legislation). The Corporation has no restricted fund balance at September 30, 2017.

Committed Fund Balance – Amounts that can only be used for specific purposes because of a formal action (resolution or ordinance) by law (through constitutional provisions or enabling legislation). This classification includes incentive agreements and training grants.

Assigned Fund Balance – Amounts that are constrained by the Corporation's intent to be used for specific purposes, but that do not meet the criteria to be classified as restricted or committed. Intent can be stipulated by the governing body, another body (such as a Finance Committee), or by an official to whom that authority has been given. This classification includes funds set aside for road construction and enhancements.

Unassigned Fund Balance – This is the residual classification of the general fund. Only the general fund reports a positive unassigned fund balance.

8. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources and liabilities and disclosure of contingent assets, deferred outflows of resources and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Note 2. Reconciliation of Government-Wide and Fund Financial Statements

- A.** Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net position:

There are no differences between the governmental fund balance sheet and the government-wide statement of net position. The nature of the other assets, deferred outflows of resources and liabilities which were reported at the government-wide level are such that they also met the criteria for reporting at the fund level.

- B.** Explanation of certain differences between the governmental fund statement of revenues, expenditures and changes in fund balance and the government-wide statement of activities:

There are no differences between the governmental fund statement of revenues, expenditures and changes in fund balance and the government-wide statement of activities because the nature of the revenues and expenses, which were accrued at the government-wide level were such that they also met the criteria for accrual at the fund level.

Odessa Development Corporation
(A Component Unit of the City of Odessa, Texas)

Notes to the Financial Statements

Note 3. Cash and Investments

As further described in Note 6, the City of Odessa, Texas serves as the Corporation's fiscal agent. Under the arrangement, the Corporation's cash and investments are accounted for by the City, and its uninvested cash (if any) is held in the City's depository in the City's name as agent for the Corporation. As required by the Revised Statutes of the state of Texas, all of the Corporation's deposits, to the extent not insured by federal depository insurance, are collateralized by securities held by an independent third party agent in the City's name under a joint custody arrangement giving the City unconditional rights and claims to the collateral.

At year-end, the carrying amount of the Corporation's cash and investments were \$45,656,443, of which \$13,614,527 was held in investments in pools, \$6,471,436 was held in certificates of deposit, \$20,451,964 was held in U.S. Government agency securities and municipal securities and \$5,118,517 was held in a depository high yield savings account. The high yield savings account was entirely covered by federal depository insurance or collateralized with securities held by the pledging financial institution's agent in the Corporation's name.

The Corporation's investments are administered by City management under terms of an investment policy and strategy that has been updated to conform to the latest amendments to the Texas Public Funds Investment Act. The Corporation is authorized to invest in U.S. Government obligations and its agencies or instrumentalities; direct obligations of this State or its agencies and instrumentalities; other obligations, the principal of and interest of which are unconditionally guaranteed or insured by the state of Texas or the United States or their respective agencies or instrumentalities; obligations or states, agencies, counties, cities and other political subdivisions of any state rated as to investment quality by a nationally recognized investment rating firm not less than A or its equivalent rating; no-load, SEC registered money market mutual funds with a weighted average stated maturity of 90 days or less fully collateralized repurchase agreements; insured or collateralized certificates of deposit; and local government pools. At September 30, 2017, 34% of the Corporation's investments were in external investment pools, 50% were invested in U.S. Government agency securities and municipal securities and 16% were invested in certificates of deposit.

The Corporation has recurring fair value measurements as presented in the table below. The Corporation's investment balances, weighted average maturity and credit risk of such investments are as follows:

	Fair Value Measurements Using		Percent of Total Investments	Weighted Average Maturity (Days)	Credit Risk
	Investments	Significant Other Observable Inputs (Level 2)			
Investments measured at amortized cost:					
Investment pools:					
TexPool	\$ 6,917,813	\$ -	17%	37	AAAm*
LOGIC	6,696,714	-	17%	30	
Investments measured at cost:					
Non-negotiable Certificates of Deposit	6,471,436	-	16%	311	Not rated**
Investments by fair value level:					
U.S. Government Agency Securities	1,246,575	1,246,575	3%	328	AA+ to AAA
Municipal securities	19,205,389	19,205,389	47%	654	AA+ to AAA
Total value	\$ 40,537,927	\$ 20,451,964			
Total portfolio weighted average				381	

*Standard & Poor's

**Certificates of deposit are insured or collateralized

Odessa Development Corporation (A Component Unit of the City of Odessa, Texas)

Notes to the Financial Statements

Investment pools are measured at amortized cost or net asset value, i.e. fair value. Such investments are not subject to level reporting.

The *Texpool* investment pool is an external investment pool measured at amortized cost. In order to meet the criteria to be recorded at amortized cost, the investment pool must transact at a stable net asset value per share and maintain certain maturity, quality, liquidity and diversification requirements within the investment pool. The investment pool transacts at a net asset value of \$1.00 per share, has weighted average maturities of 60 days or less and weighted average lives of 120 days or less, investments held are highly rated by nationally recognized statistical rating organizations, have no more than 5% of portfolio with one issuer (excluding U.S. government securities) and can meet reasonably foreseeable redemptions. Texpool has a redemption notice period of one day and may redeem daily. The investment pool's authority may only impose restrictions on redemptions in the event of a general suspension of trading on major securities markets, general banking moratorium or national state of emergency that affects the pool's liquidity.

The *LOGIC* investment pool is an external investment pool measured at net asset value. LOGIC's strategy is to seek preservation of principal, liquidity and current income through investment in a diversified portfolio of short-term marketable securities. The Corporation has no unfunded commitments related to the investment pools. LOGIC has a redemption notice period of one day and may be redeemed daily. The investment pool's authorities may only impose restriction on redemptions in the event of a general suspension of trading on major securities markets, general banking moratorium or national or state emergency that affects the pool's liquidity.

U.S. Government Agency Securities and Municipal Securities classified in Level 2 of the fair value hierarchy are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices.

Certificates of deposit that are non-negotiable are reported at cost; whereas, certificates of deposit that are brokered are reported at fair value. Certificates of deposit classified in Level 2 of the fair value hierarchy are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices.

Interest Rate Risk – As required by the Corporation's investment policy, as of September 30, 2017, the Corporation minimizes the interest rate risk, related to the decline in market value of securities due to rising interest rates in the portfolio by: 1) limiting the effective duration of security types not to exceed three years with the exception of securities purchases related to reserve funds, 2) structuring the investment portfolio so that securities matured to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities on the secondary market prior to maturity, 3) monitoring credit ratings of portfolio positions to assure compliance with rating requirements imposed by the Public Funds Investment Act, and 4) investing operating funds primarily in shorter-term securities and government investment pools.

Credit Risk – In compliance with the Corporation's investment policy, as of September 30, 2017, the Corporation minimized credit risk losses due to default of a security issuer or backer, by: 1) limiting investments to the safest types of securities by purchasing investments in US Agencies Notes that were rated AAA by Standard & Poor's, 2) pre-qualifying the financial institutions, broker/dealers, intermediaries, and advisers with which the Corporation will do business, and 3) diversifying the investment portfolio so that potential losses on individual securities were minimized.

Odessa Development Corporation (A Component Unit of the City of Odessa, Texas)

Notes to the Financial Statements

Note 4. Receivables

Receivables of \$2,139,552 as of year-end for the government's individual major fund were from sales tax in the amount of \$1,938,684, \$67,788 from an overpayment on incentives given and \$133,080 from interest receivable. The Corporation does not anticipate any uncollectible accounts as of September 30, 2017.

Note 5. Concentrations of Risk

As described in Note 1, the Corporation's funding is dependent upon ¼ percent sales tax assessed on retail sales within the city limits of the City of Odessa, Texas. This revenue source is subject to the normal economic fluctuations experienced by the City and the surrounding region.

As described in Note 3, the Corporation's cash and investments, which were in the total amount of \$45,656,443 at September 30, 2017, are held at TexPool, LOGIC, Lone Star Bank, AIM Bank and Frost Bank.

Note 6. Transactions with Municipality

The City of Odessa, Texas serves as fiscal agent for the Corporation, furnishing accounting, investment management, and data processing services under a contract, which provides that the City will be reimbursed for its cost of providing the services. The City also prepares and provides space and information for the Corporation's board meetings. Fees charged under this agreement, are approximately \$19,102 per month and for the period ended September 30, 2017, the Corporation paid the City \$229,224.

Note 7. Commitments

The Corporation has entered into a contract with the Odessa Chamber of Commerce (the Chamber) to provide economic development services (referred to as the "Economic Development Program") in accordance with the General Development Plan prepared by the Corporation. The Corporation paid the Chamber a total of \$800,000 for the current year. The Chamber contributed certain in-kind services as provided in the contract. The contract period began October 1, 2016 and terminated on September 30, 2017, whereby a new annual contract began with essentially the same provisions.

The Corporation has entered into a contract with MOTRAN Alliance, Inc. to provide economic development services in accordance with the General Development Plan. The Corporation paid MOTRAN \$85,025 for the current year, which is net of a \$4,975 refund. The contract period began October 1, 2016 and terminated September 30, 2017, whereby a new annual contract began with essentially the same provisions.

The Corporation has entered into a contract with the Odessa Hispanic Chamber of Commerce (OHCC) and its Mexico Initiatives Program to provide economic development services in accordance with the General Development Plan. The Corporation paid OHCC \$195,673 for the current year, which is net of a \$67,788 refund. The contract period began October 1, 2016 and terminated September 30, 2017, whereby a new annual contract began with essentially the same provisions.

The Corporation has entered into two separate contracts with UTPB X-Energy to provide economic development services in accordance with the General Development Plan. The first contract period began October 1, 2016 and terminated on November 30, 2016. The Corporation paid UTPB X-Energy \$40,000 in regards to this contract. The second contract period began on October 1, 2016 and terminated on November 30, 2017. The Corporation paid UTPB X-Energy \$168,974 in regards to this contract.

**Odessa Development Corporation
(A Component Unit of the City of Odessa, Texas)**

Notes to the Financial Statements

The Corporation has entered into business incentive/training grants with multiple entities, both in the current year and since inception. The agreements require the Corporation to pay incentives/grants upon the completion of certain transactions, which may or may not correspond to the entity's earnings of those incentives/grants. Based on accrual and modified accrual accounting, these expenditures are recorded by the Corporation when earned. If the entities fail to meet all requirements, the agreement states that the entities will refund incentive/training dollars back to the Corporation. At September 30, 2017, the Corporation was committed for \$23,179,958 for incentive agreements not yet earned on the part of the entities.

Required Supplementary Information

Odessa Development Corporation
(A Component Unit of the City of Odessa, Texas)

Required Supplementary Information
Schedule of Revenues, Expenditures, and Changes in
Fund Balance – Budget and Actual (Unaudited)
For the Fiscal Year Ended September 30, 2017

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES				
Sales tax	\$ 8,075,000	\$ 8,075,000	\$ 9,616,257	\$ 1,541,257
Investment income	150,000	150,000	371,607	221,607
Total revenues	8,225,000	8,225,000	9,987,864	1,762,864
EXPENDITURES				
Supplies and materials	600	600	1,331	(731)
Other operating expenditures	7,500	7,500	9,390	(1,890)
Services	1,570,058	1,720,058	1,719,379	679
Marketing	818,900	818,900	730,042	88,858
Contingencies	100,000	100,000	-	100,000
Incentives	35,000,000	34,850,000	4,686,501	30,163,499
Total expenditures	37,497,058	37,497,058	7,146,643	30,350,415
(Deficiency) excess of revenues over expenditures	(29,272,058)	(29,272,058)	2,841,221	32,113,279
Fund balance - beginning of year	34,557,286	34,557,286	34,557,286	-
FUND BALANCE - END OF YEAR	<u>\$ 5,285,228</u>	<u>\$ 5,285,228</u>	<u>\$ 37,398,507</u>	<u>\$ 32,113,279</u>

**Odessa Development Corporation
(A Component Unit of the City of Odessa, Texas)**

Notes to Required Supplementary Information
For the Fiscal Year Ended September 30, 2017

Note 1. Budgetary Information

The Odessa Development Corporation Board of Directors and the City Council of the City of Odessa, Texas follow these procedures in establishing the budget reflected in the schedule:

1. Prior to the beginning of each fiscal year, the Corporation's Treasurer submits a proposed budget to the Corporation's Budget, Finance, Audit Committee and then to the Board of Directors for the fiscal year beginning on the following October 1. The operating budget includes proposed expenditures and means of financing them.
2. The budget is legally adopted by the Corporation's Board of Directors and approved by the City Council of the City.
3. The Board of Directors and the City Council must approve any increases in fund appropriations. All appropriations lapse at the end of each fiscal year.
4. The annual budget adopted for the Governmental Fund is adopted on a basis consistent with accounting principles generally accepted in the United States of America.

Note 2. Excess of Expenditure over Appropriations

For the year ended September 30, 2017, expenditures exceeded appropriations in the following expenditures categories:

1. Supplies and materials: The Corporation incurred unforeseen additional costs during the year. The additional costs are insignificant to the Corporation as a whole.
2. Other operating expenditures: The Corporation incurred unforeseen additional costs during the year. The additional costs are insignificant to the Corporation as a whole.

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Supplementary Information

Odessa Development Corporation
(A Component Unit of the City of Odessa, Texas)
 Schedule of Business Incentives Paid (Unaudited)
 September 30, 2017

12/1/1997 Start of Corporation	\$	-
Incentives paid:		-
9/30/1998 Cumulative balance	\$	-
Incentives paid:	\$	-
9/30/1999 Cumulative balance	\$	-
Incentives paid:		
Standard Structures Inc.	\$	65,000
First American Home Buyers		300,000
Odessa Ector Power Partners		402,580
Southwestern Bell Communications		1,000,000
Odessa College		58,328
Odessa Concrete Supply Co.		32,175
SUBTOTAL FOR 9/30/00		<u>1,858,083</u>
9/30/00 Cumulative balance	\$	<u>1,858,083</u>
Incentives paid:		
First American Home Buyers	\$	133,334
Quality Micrographics Inc.		41,600
Bear's Machine & MFG Inc.		28,600
West Texas Food Bank		113,496
SUBTOTAL FOR 9/30/01		<u>317,030</u>
9/30/01 Cumulative balance	\$	<u>2,175,113</u>
Incentives returned:		
West Texas Food Bank	\$	<u>(113,496)</u>
Incentives paid:		
First American Home Buyers		133,333
Athletic Supply		50,000
Family Dollar		1,997,059
Speculative Building Expenses		21,887
SUBTOTAL FOR 9/30/02		<u>2,202,279</u>
9/30/02 Cumulative balance	\$	<u>4,263,896</u>

Odessa Development Corporation
(A Component Unit of the City of Odessa, Texas)
 Schedule of Business Incentives Paid (Unaudited) – Continued
 September 30, 2017

Incentives paid:		
First American Home Buyers	\$	133,333
Westech Seal, Inc.		105,873
Family Dollar		1,972,073
Weatherford		547,700
Desert Industrial		135,000
		<hr/>
SUBTOTAL FOR 9/30/03		2,893,979
		<hr/>
9/30/03 Cumulative balance	\$	7,157,875
		<hr/> <hr/>
Incentives paid:		
First American Home Buyers	\$	150,000
Omni Massage Systems		22,672
Televista, Inc.		2,839,800
NuFlo Technologies, Inc.		138,960
Orrex Plastics Co.		425,000
		<hr/>
SUBTOTAL FOR 9/30/04		3,576,432
		<hr/>
9/30/04 Cumulative balance	\$	10,734,307
		<hr/> <hr/>
Incentives paid:		
Athletic Supply	\$	46,550
Light Tower Rentals		80,000
Bear's Machine and Manufacturing		30,000
		<hr/>
SUBTOTAL FOR 9/30/05		156,550
		<hr/>
9/30/05 Cumulative balance	\$	10,890,857
		<hr/> <hr/>
Incentives paid:		
Coca Cola Enterprises	\$	490,000
First American Financial Corp		150,000
John Ben Shepperd Parkway & Business Interstate 20 East Overpass Project		1,000,000
Navasota Odessa Energy Partners		304,920
Odessa Separator, Inc.		24,375
Charles Templeton Machine, Inc.		50,000
UTPB Reactor		500,000
Rig Works, Inc.		100,000
		<hr/>
SUBTOTAL FOR 9/30/06		2,619,295
		<hr/>
9/30/06 Cumulative balance	\$	13,510,152
		<hr/> <hr/>

Odessa Development Corporation
(A Component Unit of the City of Odessa, Texas)
Schedule of Business Incentives Paid (Unaudited) – Continued
September 30, 2017

Incentives returned to miscellaneous income:		
Bear's Machine and Manufacturing	\$	(10,000)
Incentives paid:		
Rig Works, Inc.		100,000
Future Gen Water Study		12,156
SUBTOTAL FOR 9/30/07		112,156
9/30/07 Cumulative balance	\$	13,612,308
Incentives paid:		
Industrial Piping Specialists I, Ltd.	\$	365,000
Gemstar, Inc.		112,320
T&R Enterprises		16,640
Navarrete Industries, LLC.		25,000
Falcon International, Inc.		600,000
SUBTOTAL FOR 9/30/08		1,118,960
9/30/08 Cumulative balance	\$	14,731,268
Incentives paid:		
Falcon International, Inc.	\$	92,400
Future Gen Water Study		26,642
REXtac		5,000,000
SUBTOTAL FOR 9/30/09		5,119,042
9/30/09 Cumulative balance	\$	19,850,310
Incentives paid:		
REXtac	\$	116
Lufkin Industries		1,000,000
Summit Texas Clean Energy, LLC		5,483,059
Meither Bearing Products - Training Grant		12,280
SUBTOTAL FOR 9/30/10		6,495,455
9/30/10 Cumulative balance	\$	26,345,765

Odessa Development Corporation
(A Component Unit of the City of Odessa, Texas)
 Schedule of Business Incentives Paid (Unaudited) – Continued
 September 30, 2017

Incentives paid:		
Precision Lining Systems	\$	207,000
Meither Bearing Products - Training Grant		12,280
Kline Oilfield		25,658
Texas Tech		75,000
National Institute for Renewable Energy		25,000
JBS Parkway Extension		44,646
Triangle Pump - Training Grant		11,772
		<hr/>
SUBTOTAL FOR 9/30/11		401,356
		<hr/>
9/30/11 Cumulative balance	\$	26,747,121
		<hr/> <hr/>
Incentives paid:		
Coca Cola	\$	105,000
Odessa College		160,000
Odessa Industrial		23,795
UTPB		100,000
		<hr/>
SUBTOTAL FOR 9/30/12		388,795
		<hr/>
9/30/12 Cumulative balance	\$	27,135,916
		<hr/> <hr/>
Incentives paid:		
JBS Parkway Extension	\$	1,201,672
Miether Bearing Products		9,750
Triangle Pump Component Inc.		11,773
Permian Tank & Manufacturing		100,000
ULTRA Premium Oilfield Services		168,300
		<hr/>
SUBTOTAL FOR 9/30/13		1,491,495
		<hr/>
9/30/13 Cumulative balance	\$	28,627,411
		<hr/> <hr/>
Incentives returned:		
Summit Texas Clean Energy, LLC	\$	(5,000,000)
Precision Lining Systems		(103,500)
		<hr/>
		(5,103,500)
Incentives paid:		
CUDD Pumping Services		675,000
UTPB		100,000
LEECO		1,225,450
Gulf Coast Waste Disposal Authority		39,000
		<hr/>
SUBTOTAL FOR 9/30/14		2,039,450
		<hr/>
9/30/14 Cumulative balance	\$	25,563,361
		<hr/> <hr/>

Odessa Development Corporation
(A Component Unit of the City of Odessa, Texas)
 Schedule of Business Incentives Paid (Unaudited) – Continued
 September 30, 2017

Incentives paid:		
JBS Parkway Extension	\$	669,208
Permian Tank & Manufacturing		168,300
Gulf Coast Waste Disposal Authority # 2		128,359
UTPB Training Grant		1,000,000
JBS Parkway Waterline Extension		151,334
Odessa College Training Grant		265,819
		<hr/>
SUBTOTAL FOR 9/30/15		2,383,020
		<hr/>
9/30/15 Cumulative balance	\$	27,946,381
		<hr/> <hr/>
Incentives paid:		
JBS Parkway Extension	\$	262,088
Standard Sales		400,000
Gulf Coast Waste Disposal Authority # 2		21,639
City Convention Center		827,700
		<hr/>
SUBTOTAL FOR 9/30/16		1,511,427
		<hr/>
9/30/16 Cumulative balance	\$	29,457,808
		<hr/> <hr/>
Incentives paid:		
ULTRA Permian Oilfield Services	\$	80,184
Odessa College Training Grant		1,984,181
UTPB Training Grant		1,000,000
Permian Tank & Manufacturing		244,035
Standard Sales		200,000
West TX Food Bank		147,134
French Press Café		49,248
Tejas Shooting		136,091
Little Texans		30,000
Schoel Law Firm		30,000
		<hr/>
SUBTOTAL FOR 9/30/17		3,900,873 *
		<hr/>
9/30/17 Cumulative balance	\$	33,358,681
		<hr/> <hr/>

* Difference between incentives paid and incentives expenditures reported in the statement of revenues, expenditures and changes in fund balance is due to unpaid amounts reported in the balance sheet as contracts payable and due to annual recognition of advance payments to grantees.

Odessa Development Corporation
(A Component Unit of the City of Odessa, Texas)

Schedule of Committed Funds for Business Incentives/Training Grants
September 30, 2017

Business Incentives/Training Grants/Other

Standard Sales	\$	400,000
West TX Food Bank		587,866
Summit Texas Clean Energy, LLC		5,000,000
FMC Technologies		381,992
Odessa College Training Grant		8,000,000
UTPB Training Grant		7,500,000
Select Energy		91,871
Glazer's Beer & Beverage		1,134,991
Dobbs Law Firm		80,200
Encumbrances		3,038
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Total	\$	23,179,958
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Overall Compliance and Internal Control Section

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**Independent Auditor's Report on Internal Control Over
Financial Reporting and on Compliance and Other Matters
Based on an Audit of Financial Statements Performed
in Accordance with Government Auditing Standards**

The Board of Directors
Odessa Development Corporation
Odessa, Texas

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, and the major fund of the Odessa Development Corporation (the Corporation) (a component unit of the City of Odessa, Texas) as of and for the year ended September 30, 2017, and related notes to the financial statements, which collectively comprise the Corporation's basic financial statements, and have issued our report thereon dated January XX, 2018.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Corporation's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal control. Accordingly, we do not express an opinion on the effectiveness of the Corporation's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Corporation's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

The Board of Directors
Odessa Development Corporation

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

WEAVER AND TIDWELL, L.L.P.

Midland, Texas
January XX, 2018

ITEM

8

Matrix

ITEM

9

General Development Plan

RESOLUTION NO. ODC-2018R-___

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE ODESSA DEVELOPMENT CORPORATION, APPROVING THE AMENDED GENERAL DEVELOPMENT PLAN OF THE ODESSA DEVELOPMENT CORPORATION FOR THE FISCAL YEAR 2017-2018; AND DECLARING AN EFFECTIVE DATE.

BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE ODESSA DEVELOPMENT CORPORATION:

Section 1. That the Amended General Development Plan of the Odessa Development Corporation for fiscal year 2017-2018, a copy of which is attached hereto, is approved, subject to the approval by the City Council

Section 2. That this resolution shall be effective at the time of its adoption.

The foregoing resolution was approved and adopted on the 8th day of February, A.D., 2018, by the following vote:

Gene Collins	___
Melanie Hollmann	___
Betsy Triplett-Hurt	___
Ted Tuminowski	___
Tim Edgmon	___

Approved the 8th day of February, A.D., 2018.

Betsy Triplett-Hurt, President

ATTEST:

Norma Aguilar-Grimaldo, Assistant Secretary

**ODESSA DEVELOPMENT CORPORATION
GENERAL DEVELOPMENT PLAN
FY – 2017 / 2018**

1

Forward

2 The Odessa Development Corporation is required by the Bylaws of Odessa Development
3 Corporation to adopt, on an annual basis, a General Development Plan for the Corporation and to
4 submit the Plan to the City Council for its approval prior to submission of the annual budget. This
5 document has been prepared to satisfy that requirement. The Plan will include the proposed
6 methods for economic development, short-term and long-term goals and the expected costs of
7 implementation.

8

12 VISION:

13 “Odessa is a city of opportunity. By diversifying and expanding its economy, Odessa will
14 provide opportunities for employment and the best possible quality of life for all of its citizens.”

15 PURPOSE:

16 Article Four of the Articles of Incorporation of the Odessa Development Corporation
17 indicates that, “the purpose of the Corporation is to promote and develop industrial and
18 manufacturing enterprises in order to eliminate unemployment and underemployment, and to
19 promote and encourage employment and the public welfare of, for, and on behalf of the City, and
20 to do any and all projects authorized by Section 4A of Article 5190.6, Tex. Rev. Stat. Ann.”

21 MISSION:

22 On March 24, 1998, City Council drafted a Mission for Odessa Development Corporation.
23 The Mission is to:

- 24 • Create new jobs;
- 25 • Grow the tax base;
- 26 • Promote business activity and expand business compatible with Odessa;
- 27 • Diversify the economy; and
- 28 • Help build a skilled and educated work force.

29 Competitive Strengths and Enhancement Opportunities Identified in Strategic Planning Session on
30 July 27, 2016.

31 Relative competitive advantages and disadvantages for Odessa were compiled from myriad
32 community leaders, citizens, and businesses. The results and input from (1) Focus Groups, (2) the
33 Industrial Inventory (survey), (3) other personal interviews, and (4) analysis of an extensive set of
34 economic, demographic, and quality of life data were used to identify the following strengths
35 (aspects of the community to emphasize in economic development efforts) and enhancement
36 opportunities (areas needing improvement in order to maximize development opportunities).

37 1. Business Climate

38 Strengths:

- 39 • State of Texas Business Climate
 - 40 • Incentives available
 - 41 • "Can do spirit and execution"
 - 42 • Entrepreneurs
 - 43 • Financing Available
 - 44 • Energy Center/Reserve
 - 45 • Generosity
 - 46 • Volunteerism
- 47

- 48 • Union free environment
- 49 • Economic Development Operation
- 50 • Established industrial base
- 51 • Leadership
- 52 • Mexico Initiative
- 53 • Growing Base of Young Professionals
- 54 • Downtown revitalization / entertainment districts

55 Weaknesses:

- 56 • Cyclical Economy
- 57 • Lack of industrial diversity
- 58 • Permit Process has been identified as cumbersome
- 59 • Aging Leadership in Community
- 60 • Zoning issues
- 61 • City does not have long term economic development plan/vision
- 62 • Aesthetic control/standards
- 63 • Minimal downtown incentives
- 64 • Unsure of competitiveness of incentives-few 380 agreement incentives
- 65 • Minimal Hispanic leadership
- 66 • Retention / development of young workforce
- 67 • Non-transferrable job-specific skills for much of workforce

68 Opportunities:

- 69 • Market Odessa as "Clean City" when controls are in place
- 70 • Tech start ups
- 71 • Capture nuclear research and production
- 72 • Opportunity to diversify with infrastructure for metals, machinery, energy and other
- 73 businesses
- 74 • Expanded programs for 4 year college or skill training

75 Threats:

- 76 • Threat of permanent underclass
- 77 • Lack of long term economic development strategy/plan for future
- 78 • Odessa does not have "presence" in the marketplace

79 2. Workforce/Education

80 Strengths:

- 81 • UTPB
- 82 • Odessa College
- 83 • Strong Work Ethic
- 84 • Educated Work Force--Downtown
- 85 • Some aspects of pre-K---12 Education
- 86 • 85% of UTPB grads stay here
- 87 • Texas Tech Health Science Center
- 88 • Educate Texas
- 89 • Young Professionals Group

- 90 Weaknesses:
- 91 • Pre-K---12 Education
 - 92 • Dropout rate
 - 93 • "Ineffective bilingual programs"
 - 94 • Workforce migration from retail to "oil patch" causes labor costs increase
 - 95 • "Poached workforce"--cyclical economy drives labor from one sector to other

- 96 Opportunities:
- 97 • Oil Education Starts in Odessa!
 - 98 • Growth of UTPB
 - 99 • UTPB football
 - 100 • Aircraft training program at local college
 - 101 • Enhance search engine for more info on Odessa and its educational offerings
 - 102 • Proposed Chemical Engineering Program at UTPB

- 103 Threats:
- 104 • 40% dropout rate
 - 105 • High dropout create a permanent underclass
 - 106 • Proximity to border creates additional workforce/education issues involving permanent
 - 107 underclass
 - 108 • Lack of training programs for cyclical economy

109 3. Infrastructure/Sites

- 110 Strengths:
- 111 • Intra Odessa Surface Transportation
 - 112 • Some rail
 - 113 • Airports
 - 114 • Wastewater capacity/availability
 - 115 • Supply of land suitable for development
 - 116 • OIDC-Grow Odessa
 - 117 • 2nd largest oil reserve in world

- 118 Weaknesses:
- 119 • Water supply
 - 120 • Few remaining sites owned by OIDC
 - 121 • Rail sites with infrastructure and enhanced north/south rail line
 - 122 • Limited capacity on east/west rail due to oil/frac sand shipments
 - 123 • Unwilling landowners regarding land sales
 - 124 • Drill sites on available land
 - 125 • Water quality
 - 126 • Wear/tear on transportation systems
 - 127 • Permit time for projects on sites
 - 128 • Minimal available buildings for industry/business
 - 129 • No Type B Opportunities
 - 130 • No split loop (road)

- 131 Opportunities:
- 132 • Desalination effort regarding water
 - 133 • Take advantage of oil reserve
 - 134 • Create more rail sites/parks for distribution
 - 135 • Enhanced infrastructure could mean more sites for business/industry
 - 136 • Stricter code enforcement could lure additional higher end projects/sites
 - 137 • La Entrada al Pacifico

138 Threats:

- 139 • Limited funding for highway infrastructure
- 140 • Must address water issue(s)
- 141 • Additional industrial sites must be identified/developed
- 142 • Competition from areas with better sites/infrastructure
- 143 • Lack of projects ready to go in terms of MPO
- 144 • North / South Rail
- 145 • Ports to Plains

146 4. Quality of Life

147 Strengths:

- 148 • Health Care--availability/options/quality
- 149 • Climate
- 150 • Cultural/sporting events resulting from colleges
- 151 • People will relocate to Odessa

152 Weaknesses:

- 153 • Crime or perception of crime
- 154 • No Type B Opportunities
- 155 • Housing costs and availability
- 156 • Inability to attract professionals to community
- 157 • People live in Midland and work in Odessa due to neighborhoods
- 158 • Lack of cultural diversity
- 159 • Young professionals don't see Odessa as desirable location
- 160 • Overall cost of living
- 161 • No cultural scene

162 Opportunities:

- 163 • Entertainment options could increase and positively impact quality of life
- 164 • Regional Medical Hub
- 165 • Development of Foundation to promote Quality of Life
- 166 • Enhance funding for Quality of Life activities--parks, entertainment, etc.
- 167 • Create Live/Work/Play environment
- 168 • Downtown has tremendous upside

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171 Threats:

- 172 • Losing young professionals creates future leadership gap
- 173 • Odessa must appear more appealing visually
- 174 • Minimal live music venues create exodus of persons on weekends

175 Goals Developed in Strategic Planning with Mike Barnes Group, Inc.

176 Short/Medium Term Goals

- 177 • Enhance the building permit process, real or perceived
- 178 • Explore other/additional incentives for downtown projects and business/industrial projects
- 179 located throughout the community
- 180 • Facilitate and develop leadership
- 181 • Education at the Pre-K---12, coupled with the dropout rate must be addressed
- 182 • Develop short/medium term strategies for the medium/long term
- 183 • Considerable talent is available in the workforce
- 184 • Crime - or the perception of crime - must be addressed
- 185 • Economic development effort could be more successful if additional marketing activities
- 186 were undertaken
- 187 • The expanding role of Odessa College and UTPB is an economic development plus
- 188 • Further engaged partnerships will enhance the quality of education, workforce, quality of
- 189 life and provide additional amenities for the residents and employers
- 190 • Develop a strategy to purchase additional land for development with rail
- 191 • Examine code enforcement activity
- 192 • Engaged partnerships with the medical facilities and their representatives
- 193 • Work collaboratively with downtown groups and agencies
- 194 • The need for a greater presence in the global marketplace-enhanced marketing

195 Target Industries Developed by Barnes Group, Inc. (Note: ODC will retain a consultant to do a
196 Target Industry Analysis to provide direction on which industries would be the most realistic /
197 beneficial to recruit to Odessa.) (Note: The code numbers are NAICS Sector numbers required for
198 ODC Funding.)

199 Target 1. Process, Physical Distribution, and Logistics Consulting Services (Selected as
200 initial target):

201 -541614 This U.S. Industry comprises establishment primarily engaged in
202 providing operating advice and assistance to businesses and other
203 organizations in areas, such as: (1) manufacturing operations
204 improvement; (2) productivity improvement; (3) production planning
205 and control; (4) quality assurance and quality control; (5) inventory
206 management; (6) distribution networks; (7) warehouse use, operations,
207 and utilization; (8) transportation and shipment of goods and materials;
208 and (9) materials management and handling.

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- 212 Target 2. Metal Processes:
- 213 -33240 Metal Heavy Tank (Heavy Group)
- 214 -332710 Machine Shops
- 215 -332811 Metal Heat Testing, Annealing, Tempering, Forging, Metals and Metal
- 216 products
- 217 -334514 Totalizing Fluid Meter Device Manufacturing
- 218 -333513 Machine Tool (Metal Forming Types)
- 219 Target 3. Health Care Related Services
- 220 Target 4. Plastics:
- 221 -326191 Plastics Plumbing Fixture Manufacturing
- 222 -326192 Resilient Floor Covering Manufacturing
- 223 -326199 All Other Plastics Product Manufacturing*
- 224 **-3332 INDUSTRIAL MACHINERY MANUFACTURING**
- 225 -333201 Plastics Working Machinery and Equipment, Excluding Patterns and
- 226 Molds
- 227 **-3335 METALWORKING MACHINERY MANUFACTURING**
- 228 -33351103 Industrial Injection-Type Molds Made of Metals for Plastics
- 229 Target 5. Other Scientific and Technical Consulting Services:
- 230 -541690 Scientific and Technical Consulting Services
- 231 Target 6. Corporate Subsidiary and Regional Managing Offices:
- 232 -55 Management of Companies and Enterprises
- 233 -551 Management of Companies and Enterprises
- 234 -5511 Management of Companies and Enterprises
- 235 -55111 Management of Companies and Enterprises
- 236 -551112 Offices of Other Holding Companies
- 237 -551114 Corporate, Subsidiary, and Regional Managing Offices

- 238 Barnes Secondary Targets:
- 239 Renewable Energy
- 240 Defense Industry Firms

241 Barnes Strategy to Achieve Goals:

242 As a Strategy is developed, it is a bit unusual to ask the evaluative questions at the outset, however,

243 it has been the experience of MBG that this is the most reliable approach. The following questions

244 should be asked when developing the strategy:

- 245 • Are inquiries increasing as a result of the Strategy?
- 246 • Are site visits increasing as a result of the Strategy?
- 247 • Is the Odessa Development Corporation submitting more proposals as a
- 248 result of the Strategy?
- 249 • Is Odessa becoming a “finalist in the site selection process” as a result of
- 250 the Strategy?
- 251 • Is Odessa locating more firms as a result of the Strategy?

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ECONOMIC DEVELOPMENT GOALS AND OBJECTIVES FOR ODESSA

256 *Goal I: Create an expanded thriving economy that increases the number of jobs in Odessa
257 and provides investment opportunities through diversification of the economic
258 base.

259 Objective A: Initiate an aggressive retention/expansion program that will realize
260 economic benefit for the City of Odessa.

261 Objective B: Promote and market Odessa as a location for manufacturing and
262 other activity authorized by the Economic Development Act.

263 Objective C: Develop and promote Odessa as a Regional Business Center.

264 Objective D: Provide entrepreneur and small businesses with professional
265 counsel and support.

266 Objective E: Administer and promote a program to encourage the creation of new
267 manufacturing and industrial facilities, research and development
268 facilities, recycling facilities, distribution centers, or warehouse
269 facilities

270 *Goal II: Organize and manage a comprehensive economic development process.

271 Objective F: Develop an organizational structure that coordinates and supports
272 economic development efforts.

273 Objective G: Expand and improve cooperation and coordination among economic
274 development efforts in the region; particularly in the area of
275 infrastructure planning development.

276 *Goal III: Continue to develop a skilled, educated and motivated work force.

277 Objective H: Ensure the necessary skills and attitudes in the labor force to meet
278 the demands of public and private employers.

279 *Goal IV: Provide the necessary water infrastructure to support an aggressive commitment to
280 make Odessa competitive for economic development.

281 Objective I: Participate in the development of water resources to retain and to
282 develop new or expanded business enterprises.

283 *Goal V: Provide the infrastructure generally to support an aggressive commitment to make
284 Odessa competitive for economic development.

285 Objective J: Aggressively pursue the development and improvement of a trade
286 corridor from Lubbock along a route between Odessa and Midland
287 to Mexico.

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289 Objective K: Enhance and support air transportation services for passengers and
290 cargo.

291 Objective L: Develop industrial parks, with rail service.

292 ~~*See attachment I for detailed objectives for Goals I through V and corresponding time line for~~
293 ~~each action step.~~

294 Attachment "1" includes Mission Statements and Goals for each of the agencies tasked by ODC
295 to complete these stated goals and objectives. Each agency shall report on a monthly basis the
296 number of contacts, visits, or other tasks associated with each goal and give an expanded,
297 cumulative quarterly report for the ODC Board to review.

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299 SYNOPSIS

300 The investigation and evaluation of the Odessa Metropolitan Statistical Area is designed
301 to provide a needed catalyst in the formulation of a long-range strategic economic development
302 plan to enable Odessa to capitalize its initiatives for promoting business expansion and job
303 creation. Five core areas of immediate strategic action have surfaced. To achieve diversification
304 in the Odessa-Ector County area, resources must be channeled toward the following economic
305 efforts:

- 306 • Focused Industrial Recruitment
- 307 • Regional Development Strategies
- 308 • Business Retention Initiatives
- 309 • Education-Industry Linkage
- 310 • Aggressive Participation in Trade Corridor

311 The entire effort associated with the project revealed a single and almost monotonous
312 theme - **diversification**. While the idea of a more balanced economy is universally appealing, it
313 is a matter which is absolutely imperative for Odessa; it supersedes and dominates any other
314 recommendations that might be proffered.

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318 **GOAL I** — Create an expanded, thriving economy that increases the number of jobs in Odessa
 319 and provides investment opportunities through diversification of the economic base.

320 Objective A: — Initiate an aggressive retention/expansion program that will realize economic benefit for the City of Odessa.

Ranking	Action Steps	Lead Responsibility	Under 2-years	2-to-4 years	5-to-10 years
A-1	Conduct visits with local industries to determine barriers, concerns and/or issues regarding doing business in Odessa. Conduct the interviews and report monthly to ODC trends or issues discovered during these visits. Industry capacities and capabilities will be inventoried for reference to outside inquiries and as tools for inclusion in marketing campaigns.	OCC-ED OHCC	Ongoing		
A-2	Continue in its current capacity the Export Assistance Center providing Certificates of Origin and other documentation and assistance necessary to support local industry. Build relationships aimed toward providing improved roadway and rail access and to support La Entrada al Pacifico trade corridors objectives. Continue to support the development of the Trade Corridor with Mexico through its involvement with MOTRAN and the La Entrada al Pacifico Rural Railroad District (LEAP).	ODC OCC-ED MOTRAN	Ongoing		
A-3	Inform the community on progress achieved in economic development by the Board.	ODC CVA OCC-ED OHCC	Ongoing		

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 322 Objective B: — Promote and market Odessa as a location for manufacturing and other activity authorized by the Economic
 323 Development Act.
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Ranking	Action Steps	Lead Responsibility	Under 2-years	2-to-4 years	5-to-10 years
B-1	Administer the ODC's comprehensive, marketing program that uses a variety of promotional tools to communicate Odessa's message to all listed targeted companies and maintain a campaign to enhance the City's image.	ODC CVA OCC-ED OHCC MI	Ongoing		

Ranking	Action Steps	Lead Responsibility	Under 2-years	2-to 4 years	5-to 10 years
B-2	<p>Administer marketing campaign and employ consultants in the industry that know how to access targeted industry to target industries such as:</p> <ul style="list-style-type: none"> • Sector 31-33: Manufacturing (332420, 332710, 332811, 334514, 333513) • Sector 541690 Other Scientific and Technical Consulting Services • Sector 326: Plastics and Rubber (326191, 326192, 326199,)Sector 332: Fabricated Metal • Sector 3332: Industrial Machinery Manufacturing • Sector 3335: Metalworking Machinery Manufacturing • Sector 339: Miscellaneous Manufacturing • Sector 48-49: Transportation and Warehousing • Sector 541614 Process, Physical Distribution and Logistics Consulting Services • Renewable Energy • Defense Industry Firms • Healthcare Related Businesses and Services 	CVA OCC-ED OHCC	Ongoing		
B-3	<p>Conduct annual personal visits with site selectors and corporate real estate executives. Join corporate real estate, site selector, or industry specific trade groups and attend events of its membership. As budgets allow, host local or regional on-site visits, promotional events and familiarization tours of the area for corporate real estate execs and site selectors alike, attend and promote Odessa at trade shows for targeted industries identified by Target Industry by the Board.</p>	OCC-ED	Ongoing		
B-4	<p>Promote the unique advantages of Odessa as a manufacturing location, particularly being an EPA attainment area and the capacity to treat industrial wastewater without pre-treatment.</p>	CVA OCC-ED	Ongoing		
B-5	<p>Receive, review and conduct appropriate responses to all inquiries and industrial prospect requests.</p>	OCC-ED OHCC	Ongoing		
B-6	<p>Found a Steering Committee (or restructure/retask existing Odessa Partnership) to develop suggestions to alleviate or improve existing barriers and obstacles to economic development</p>	ODC CITY OCC-ED CVA	Ongoing		

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~~Objective C: Develop and promote Odessa as a Regional Business Center.~~

Ranking	Action Steps	Lead Responsibility	Under 2-years	2-to 4 years	5-to 10 years
C-1	<p>Develop national and international strategies that market Odessa to targeted businesses and site selectors as the manufacturing, business, education, health care and transportation center of West Texas and Southeastern New Mexico.</p>	ODC CVA OCC-ED OHCC MI	Ongoing		

Ranking	Action Steps	Lead Responsibility	Under 2-years	2 to 4 years	5 to 10 years
C-2	Cooperate with City officials and market appropriate development areas in response to need.	ODC CVA OCC-ED OHCC MI CITY	Ongoing		
C-3	Leverage all resources of UTPB, OC, Texas Tech Health Sciences Center and promote local awareness of their value to Odessa's economic development.	ODC CVA OCC-ED OHCC MI	Ongoing		

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Objective D: ~~Provide entrepreneur and small businesses with professional counsel and support.~~

Ranking	Action Steps	Lead Responsibility	Under 2-years	2 to 4 years	5 to 10 years
D-1	Support the role and capabilities of Odessa's Small Business Center as a "one-stop-shop" for small business development.	OCC-ED UTPB-SBDC OHCC	Ongoing		
D-2	Encourage UTPB's SBDC and OC programs.	ODC OCC-ED OHCC	Ongoing		
D-3	Initiate a "Small Business and Entrepreneurial Awareness" promotion program with local media.	ODC UTPB-SBDC OHCC	Ongoing		
D-4	Facilitate monthly education seminars for small business development.	UTPB-SBDC OHCC	Ongoing		

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Objective E: ~~Administer and promote a program to encourage the creation of new manufacturing and industrial facilities, research and development facilities, recycling facilities, defense industry firms, renewable energy, healthcare-related businesses and services, logistics consulting, distribution centers, and warehouse facilities.~~

Ranking	Action Steps	Lead Responsibility	Under 2-years	2 to 4 years	5 to 10 years
E-1	Assist in loan packaging.	UTPB-SBDC	Ongoing		
E-2	Provide one-on-one counseling with handout materials.	OCC-ED UTPB-SBDC OHCC	Ongoing		
E-3	Conduct seminars to assist start-up companies.	UTPB-SBDC	Ongoing		
E-4	Assist in processing and making referrals of applications of new and existing businesses for assistance.	OCC-ED OHCC	Ongoing		
E-5	Attract and help develop business with companies in Mexico wanting to expand into the United States.	OCC-ED OHCC MI	Ongoing		

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GOAL II — Organize and manage a comprehensive economic development process.

Objective F: — Develop an organizational structure that coordinates and supports economic development efforts.

Ranking	Action Steps	Lead Responsibility	Under 2-years	2-to-4 years	5-to-10 years
F-1	Develop a system for collection of basic economic and community data and establish metrics to analyze Odessa's economic development success.	OCC-ED	Ongoing		
F-2	Evaluate annually Odessa's incentive and financing programs as compared with competitive cities; suggest revisions to ODC and the City to improve competitiveness.	OCC-ED	Ongoing		
F-3	Develop and evaluate annually an incentive program to attract and expand existing and startup businesses.	ODC OCC-ED	Ongoing		
F-4	Join and attend regional, national and international marketing and economic development organization events, to market Odessa's influence and status, access competitive information on financing programs and incentives offered by competing entities, and establish and maintain industry relationships.	CVA OCC-ED	Ongoing		
F-5	Provide all necessary accounting, financial, legal, administrative and operational services and conference room space.	CITY	Ongoing		
F-6	Commission labor rate study to evaluate Odessa's competitive position in regards to labor costs	CVA	Ongoing		
F-7	Coordination of OHCC and OC resources and efforts in pursuit of projects	OC OHCC ODC	Ongoing		

Objective G: — Expand and improve cooperation and coordination among economic development efforts in the region; particularly in the area of infrastructure planning and development.

Ranking	Action Steps	Lead Responsibility	Under 2-years	2-to-4 years	5-to-10 years
G-1	Undertake, with Midland, the promotion of the Combined Metropolitan Statistical Area (MSA) as the largest population concentration between Dallas/Fort Worth and El Paso.	ODC CVA OCC-ED MOTRAN MI	Ongoing		
G-2	Working with local government entities, establish an aggressive and competitive incentive and finance policy to include Enterprise Zone, Tax Abatements, Freeport Tax Exemptions, 380 Agreements, etc.	ODC OCC-ED CITY	Ongoing		
G-3	Identify and develop ways to join with Midland and leverage total resources to promote the Odessa/Midland area.	ODC OCC-ED MOTRAN CVA	Ongoing		

GOAL III — Continue to develop a skilled, educated and motivated work force.

Objective H: — Ensure the necessary skills in the labor force to meet the demands of public and private employers.

Ranking	Action Steps	Lead Responsibility	Under 2-years	2-to-4 years	5-to-10 years
H-1	Work with all educational organizations in the region to ensure that an appropriately trained workforce is available to new and expanding businesses; address ways to expand workforce quantity and improve skills required by diversified businesses.	ODC OCC-ED OHCC UTPB OC	Ongoing		

GOAL IV — Provide the necessary water infrastructure to support an aggressive commitment to make Odessa competitive for economic development.

Objective I: — Participate in the development of water resources to retain and to develop new or expanded business enterprises.

Ranking	Action Steps	Lead Responsibility	Under 2-years	2-to-4 years	5-to-10 years
I-1	Participate in research for desalination industrial water.	CITY GULF COAST	Ongoing		
I-2	Participate in locating both potable water and water for desalination.	CITY	Ongoing		
I-3	Participate in the construction of infrastructure for potable and desalination water plant facilities and distribution.	CITY	Ongoing		

GOAL V — Provide the infrastructure generally to support an aggressive commitment to make Odessa competitive for economic development.

Objective J: — Aggressively pursue the development and improvement of a trade corridor from Lubbock along a route between Odessa and Midland to Mexico.

Ranking	Action Steps	Lead Responsibility	Under 2-years	2-to-4 years	5-to-10 years
J-1	Support the regional efforts by MOTRAN and others to achieve the objective and to educate the public of the benefits of the development and improvement of a trade corridor.	ODC CVA OCC-ED MOTRAN OHCC MI	Ongoing		

374 Objective K: ~~Enhance and support air transportation services for passengers and cargo.~~

Ranking	Action Steps	Lead Responsibility	Under 2-years	2-to-4 years	5-to-10 years
K-1	Continue to support the development of Midland International Airport as a regional center vital to the economic well-being of the area.	ODC CVA OHCC MH OCC-ED	Ongoing		
K-2	Support the enhancement of the capacity of Schlemeyer Field to serve business jet aircraft and as a center for business and private aviation.	ODC	Ongoing		

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377 Objective L: ~~Develop industrial parks with rail service.~~

Ranking	Action Steps	Lead Responsibility	Under 2-years	2-to-4 years	5-to-10 years
L-1	Work with Developers for economic development in Odessa	ODC	Ongoing		
L-2	Support Developers in expansion and new projects, including rail.	ODC	Ongoing		
L-3	Support Parkway Industrial Park—complete development as market requires.	ODC	Ongoing		

CVA

381 Mission: To administer the ODC’s comprehensive marketing program using a variety of
 382 tools to enhance the city’s image while promoting and marketing Odessa not only
 383 as a Regional Business Center but also as a location for manufacturing and other
 384 activity authorized by the Economic Development Act to all targeted industries.

- 385 Goals:
- 386 • Promote the unique advantages of Odessa as a manufacturing location,
 387 particularly being an EPA attainment area and the capacity to treat industrial
 388 wastewater without pre-treatment.
 - 389 • Develop national and international strategies employing experienced industry
 390 consultants that market Odessa to targeted businesses and site selectors as a
 391 manufacturing, business, education, health care and transportation center.
 - 392 • Join and attend regional, national, and international marketing and economic
 393 development organization events, to market Odessa’s influence and status,
 394 access competitive information offered by competing entities, and establish and
 395 maintain industry relationships.

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- Support the regional efforts by MOTRAN and others to achieve the objective and to educate the public of the benefits of the development and improvement of a trade corridor.
- Educate and inform the local community on ODC’s achievements in Economic Development including job creation.
- Leverage all resources of UTPB, OC, Texas Tech Health Sciences Center, ECISD, Medical Center Hospital and the Odessa Regional Medical Center and promote local awareness of their value to Odessa’s Economic Development.
- Work directly with the Odessa Hispanic Chamber of Commerce, the Mexico Initiatives, and the Odessa Business Challenge on their promotional and marketing needs as assigned by the ODC board.
- To coordinate with the ODC Advertising Committee and to update throughout the year a list of current projects and expected outcomes and report those outcomes to the ODC Board.

CITY OF ODESSA

Goals:

- To provide all necessary accounting, financial, legal, administrative, and operational services and conference room space for the ODC, specifically:
 - Accounting/Financial: monitoring and receipt of sales tax revenue, monthly monitoring of ODC investments, monthly financial monitoring and reporting;
 - Legal: meeting with the companies, negotiation, preparation, and review of all Economic Development Agreements, all Downtown Infrastructure and Façade Agreements, and Outside Agency Agreements, annual review of ODC General Development Plan and Budget, preparation of all needed resolutions for ODC and the City Council approval of ODC items, legal research, preparation of all ancillary documents and agreements, and working with outside auditors and the City Auditor to audit compliance with all agreements; and
 - Administrative: Taking and preparation of the minutes of the monthly ODC meetings, preparation and posting of the monthly agendas, preparation and posting of the ODC items on the Finance Committee meetings and the City Council Agendas.
- Through Downtown Odessa, Inc., to manage and administer a comprehensive façade and infrastructure improvements grant program for the businesses located in downtown Odessa.
- Through the City Manager's Office and the Legal Department, to work with local government entities to establish an aggressive and competitive incentive and finance policy to include Enterprise Zone, Tax Abatements, Freeport Tax Exemptions, 380 Agreements, etc.
- Promote and market Odessa as a location for manufacturing and other activity authorized by the Economic Development Act by working to expand and improve cooperation and coordination among economic development efforts in the region, particularly in the area of enhancing infrastructure planning and development, including roads, water and sewer service, and parks.

MOTRAN

Mission: To support the continued development of transportation infrastructure in order to promote economic development in Odessa for new or expanded business enterprises and to bring additional infrastructure funding to the area, above normal programmed amounts.

Goals:

- Support and aggressively pursue the development and improvement of the La Entrada al Pacifico Trade Corridor along a route between Odessa and Midland to Mexico and the La Entrada al Pacifico Rural Railroad District.
- Support the development of other corridors, including I-27 and I-14, which provide increased mobility and economic opportunity to the Midland-Odessa area.
- Support and conduct an I-20 corridor study for commercial development along Odessa's south side.
- Work cooperatively with ODC, other agencies, and area businesses to expand and improve regional economic development efforts in the in the area of infrastructure planning and development and improving roadway and rail access.
- Work with Midland to identify and develop ways to leverage total resources to promote the Odessa/Midland area and promote of the Combined Statistical Area (CSA) as the largest population concentration between Dallas/Fort Worth and El Paso.
- Work to educate the public, elected officials, and other agencies of the benefits of developing the La Entrada al Pacifico Trade Corridor and the other infrastructure improvement projects, including the re-designation of the western segment of I-14, the proposed extension of I-27, and other regionally/locally significant projects.

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476 **ODESSA CHAMBER OF COMMERCE**

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478 **Mission:** To develop, organize, and administer a comprehensive Economic Development
479 program in coordination with the ODC, to promote the City of Odessa as a Regional
480 Business Center and to encourage the creation of new or expanded manufacturing
481 and industrial facilities, research and development facilities, recycling facilities,
482 defense industry firms, renewable energy, healthcare-related businesses and
483 services, logistics consulting, distribution centers, warehouse facilities, and other
484 activities authorized under the Economic Development Act, in order to increase the
485 number of jobs and realize economic benefits for the City through expansion and
486 diversification of the economic base.

487 **Goals:**

- 488 • To perform the following functions in relation to the ODC Compliance Committee:
- 489 ○ Receive, review, and respond to all inquiries and industrial prospect requests,
490 provide one-on-one counseling and make appropriate referrals of applications for
491 new and existing businesses.
- 492 ○ Annually evaluate Odessa’s incentive and financing programs as compared with
493 competitive cities; suggest revisions to ODC and the City to improve
494 competitiveness in attracting business and expanding existing businesses.
- 495
- 496 • To perform the following Economic Development functions:
- 497 ○ Conduct visits with local industries to determine barriers, concerns and/or issues
498 regarding doing business in Odessa. Conduct the interviews and report monthly to
499 ODC trends or issues discovered during these visits. Industry capacities and
500 capabilities will be inventoried for reference to outside inquiries and as tools for
501 inclusion in marketing campaigns.
- 502 ○ Conduct personal visits with site selectors and corporate real estate executives. Join
503 corporate real estate, site selector, or industry specific trade groups and attend
504 events of its membership. As budgets allow, host local or regional on-site visits,
505 promotional events and familiarization tours of the area for corporate real estate
506 execs and site selectors alike, attend and promote Odessa at trade shows for targeted
507 industries identified through study by the Board.
- 508 ○ Promote the unique advantages of Odessa as a manufacturing location.
- 509 ○ Work with the Odessa Partnership to alleviate or improve existing barriers and
510 obstacles to Economic Development, and work with taxing entities and other
511 agencies to expand and improve cooperation and coordination to expand efforts in
512 the city, county, and region, particularly in the area of infrastructure planning,
513 development, and tax abatement.

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o Join and attend regional, national and international marketing and economic development organization events, to market Odessa’s influence and status, access competitive information on incentives offered by competing entities, and establish and maintain industry relationships.

o Develop a system for collection of basic economic and community data and establish metrics to analyze Odessa’s economic development success.

• To coordinate and work cooperatively with other ODC Agencies as follows:

o Work in cooperation with and support the efforts of MOTRAN to promote and develop improved roadway and rail access and to support La Entrada al Pacifico trade corridor, the La Entrada al Pacifico Rural Railroad District, and the other projects and objectives undertaken by MOTRAN including efforts to educate the public of the benefits of the development and improvement of a trade corridor.

o Work cooperatively with CVA to administer the ODC’s comprehensive marketing program using a variety of promotional tools to enhance the city’s image while promoting and marketing Odessa not only as a Regional Business Center but also as a location for manufacturing and other activity authorized by the Economic Development Act to all targeted industries.

o Work cooperatively with and make appropriate referrals to the UTPB – SBDC to provide entrepreneur and small businesses with professional counsel and support.

o Work with local government entities to establish an aggressive and competitive incentive and finance policy to include Enterprise Zone, Tax Abatements, Freeport Tax Exemptions, and 380 Agreements.

o Promote and market the resources of UTPB, OC, and Texas Tech Health Sciences Center to continue the development of a skilled, educated, and motivated work force to meet the diversified demands of public and private employers, and to promote local awareness of their value to Odessa’s Economic Development.

ODESSA HISPANIC CHAMBER OF COMMERCE

Mission: To develop, organize, and administer a comprehensive Economic Development program in coordination with the ODC, to promote the City of Odessa as a Regional Business Center and to encourage the creation of new or expanded manufacturing and industrial facilities, research and development facilities, recycling facilities, defense industry firms, renewable energy, healthcare-related businesses and services, logistics consulting, distribution centers, warehouse facilities, and other activities authorized under the Economic Development Act, in order to increase the number of jobs and realize economic benefits for the City through expansion and diversification of the economic base.

Goals:

- To perform the following Economic Development functions:
 - Conduct visits with local industries to determine barriers, concerns and/or issues regarding doing business in Odessa. Conduct the interviews and report monthly to ODC trends or issues discovered during these visits. Industry capacities and capabilities will be inventoried for reference to outside inquiries and as tools for inclusion in marketing campaigns.
 - Provide one-on-one counseling and make appropriate referrals of applications for new and existing businesses.
 - To develop and administer the Mexico Initiatives in cooperation with the ODC Board to attract new and expanded business ventures with companies located in Mexico and wish to expand operations to the United States.
 - Work with the Odessa Partnership to alleviate or improve existing barriers and obstacles to Economic Development, and work with taxing entities and other agencies to expand and improve cooperation and coordination to expand efforts in the city, county, and region, particularly in the area of infrastructure planning, development, and tax abatement.
 - Join and attend regional, national and international marketing and economic development organization events, to market Odessa's influence and status, access competitive information on incentives offered by competing entities, and establish and maintain industry relationships.
 - Promote the unique advantages of Odessa as a manufacturing location.
- To coordinate and work cooperatively with other ODC Agencies as follows:
 - Work cooperatively with CVA to administer the ODC's comprehensive marketing program using a variety of promotional tools to enhance the city's image while promoting and marketing Odessa not only as a Regional Business Center but also

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as a location for manufacturing and other activity authorized by the Economic Development Act to all targeted industries.

- Work cooperatively with and make appropriate referrals to the UTPB – SBDC to provide entrepreneur and small businesses with professional counsel and support.

- Promote and market the resources of UTPB, OC, and Texas Tech Health Sciences Center to continue the development of a skilled, educated, and motivated work force to meet the diversified demands of public and private employers, and to promote local awareness of their value to Odessa’s Economic Development.

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UTPB-SBDC

Mission: To support the efforts of the Odessa Development Corporation by providing small businesses, start-ups and entrepreneurs with professional counsel and support.

Goals:

- Support the role of Odessa’s Small Business Center as a “one stop-shop” for small business development.
- Initiate a “Small Business and Entrepreneurial Awareness” promotion program with local media.
- Facilitate monthly education seminars for small business development and to assist start-up companies.
 - Assist in loan packaging.
 - Provide one-on-one counseling with handout materials.
 - Conduct seminars to assist start-up companies.
- To administer and manage the “Odessa Business Challenge” program in coordination with the ODC to award funds to entrepreneurs and small businesses through a competitively judged competition.

ITEM

10

Manufacturing Survey



NEW SOUTH RESEARCH

ODESSA DEVELOPMENT CORPORATION DATABASE DEVELOPMENT REPORT

FALL 2017



INTRODUCTION

- In the fall of 2017, New South Research conducted a market research study for CVA Advertising & Marketing on behalf of Odessa Development Corporation. The primary purpose of this research was to develop a database of companies in the Odessa area relative to local vs. regional business and to what extent they are working with businesses outside the local area (internationally).
- New South Research utilized a blended methodology of a telephone survey followed by an online survey, which maximized contacts and provided the lowest cost. After as many as possible were obtained via telephone, ODC sent a survey invitation to remaining contacts via email. The survey mirrored one used in 2016.
- In total, 64 respondents participated in the study as compared to 92 in 2016.
- Some tables presented within this report may not add up to exactly 100% because of rounding or omission of non-pertinent data.



NEW SOUTH RESEARCH

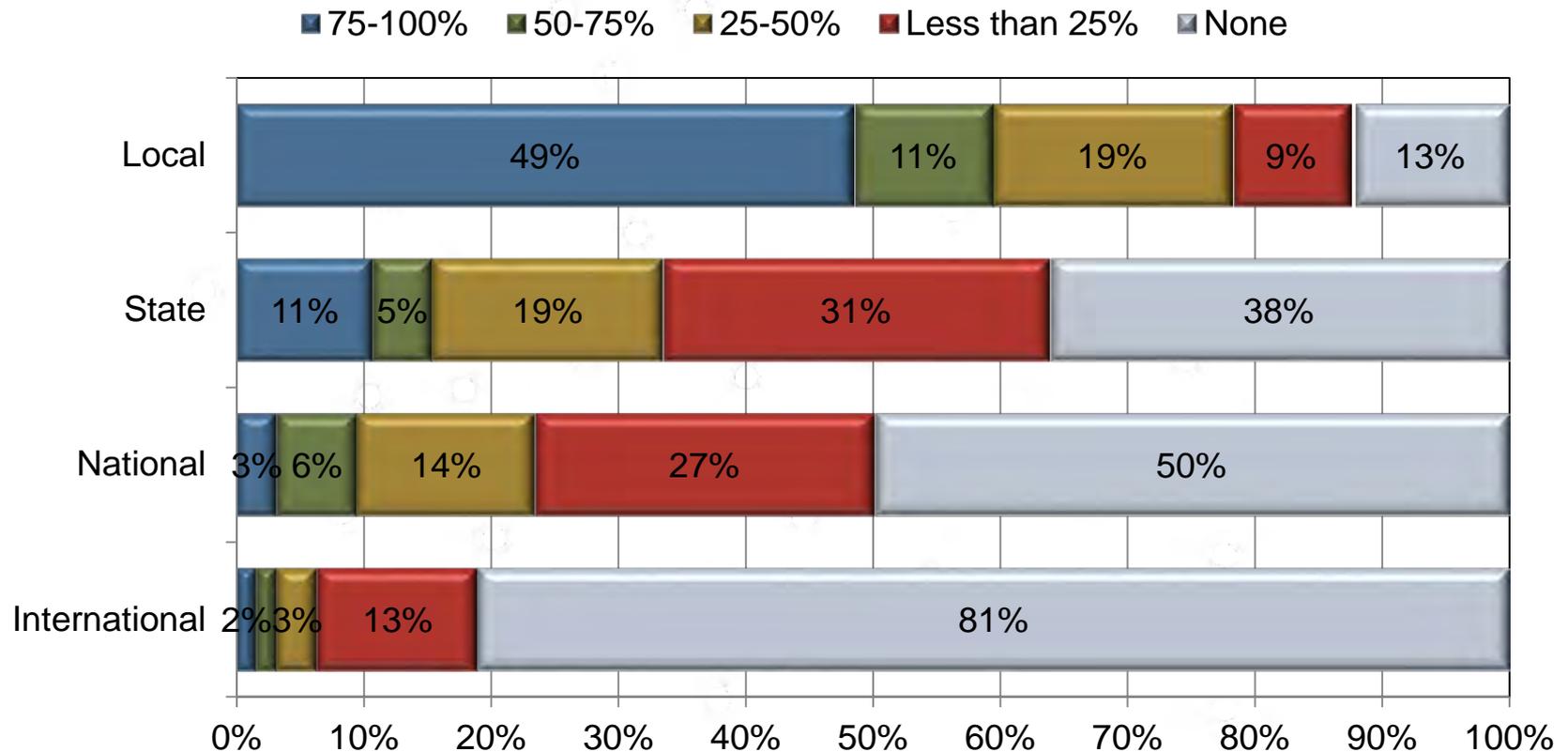
WHAT ARE KEY FINDINGS?



Roughly 5 in 10 respondents reported 75% or more of their business is done within the local market. This was followed by 1 in 10 saying 75% or more of their business is done on a state level. Within the international market, 81% of respondents said they did no business.

n=64

Markets served?



What markets does your company serve with produced goods and/or services?

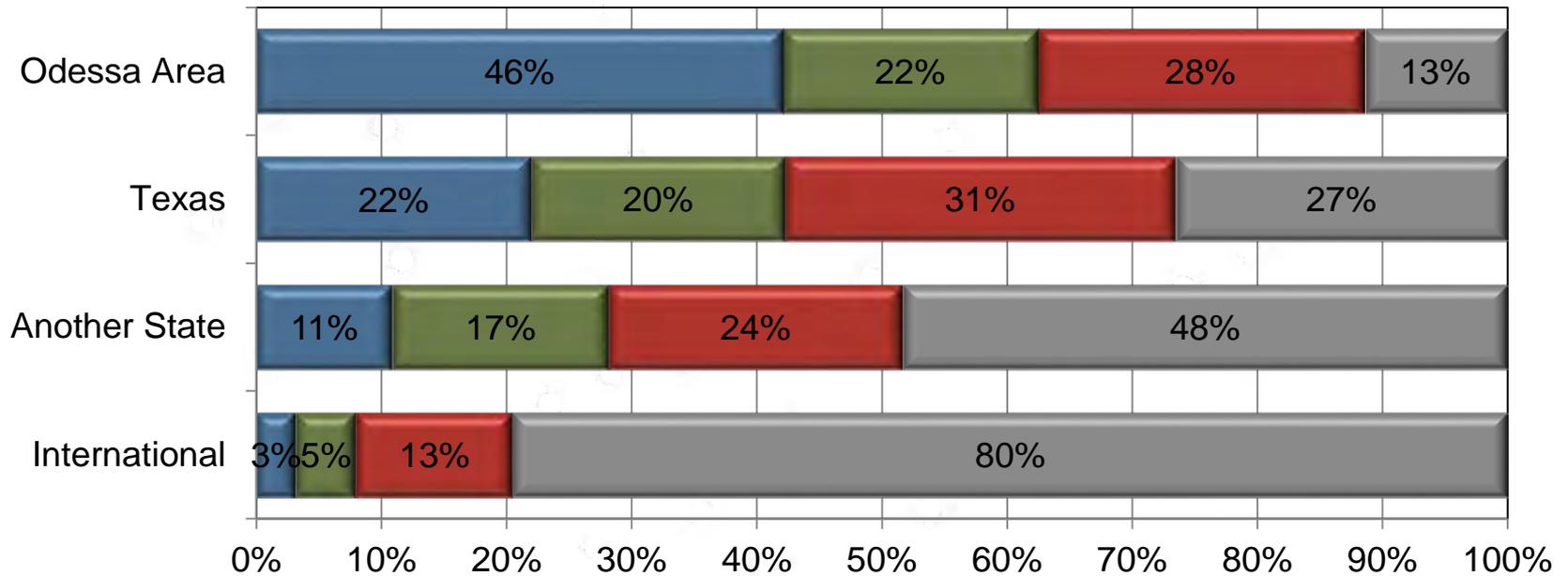


46% of respondents reported that 50% or more of their products, services and/or components are obtained from the Odessa area. 22% of respondents said 50% or more of their products, services and/or components come from the state of Texas. 4 in 5 respondents said they do not get any product, service and/or component internationally.

n=64

Percentage of product from:

■ 50% or More ■ 25-50% ■ Less than 25% ■ None



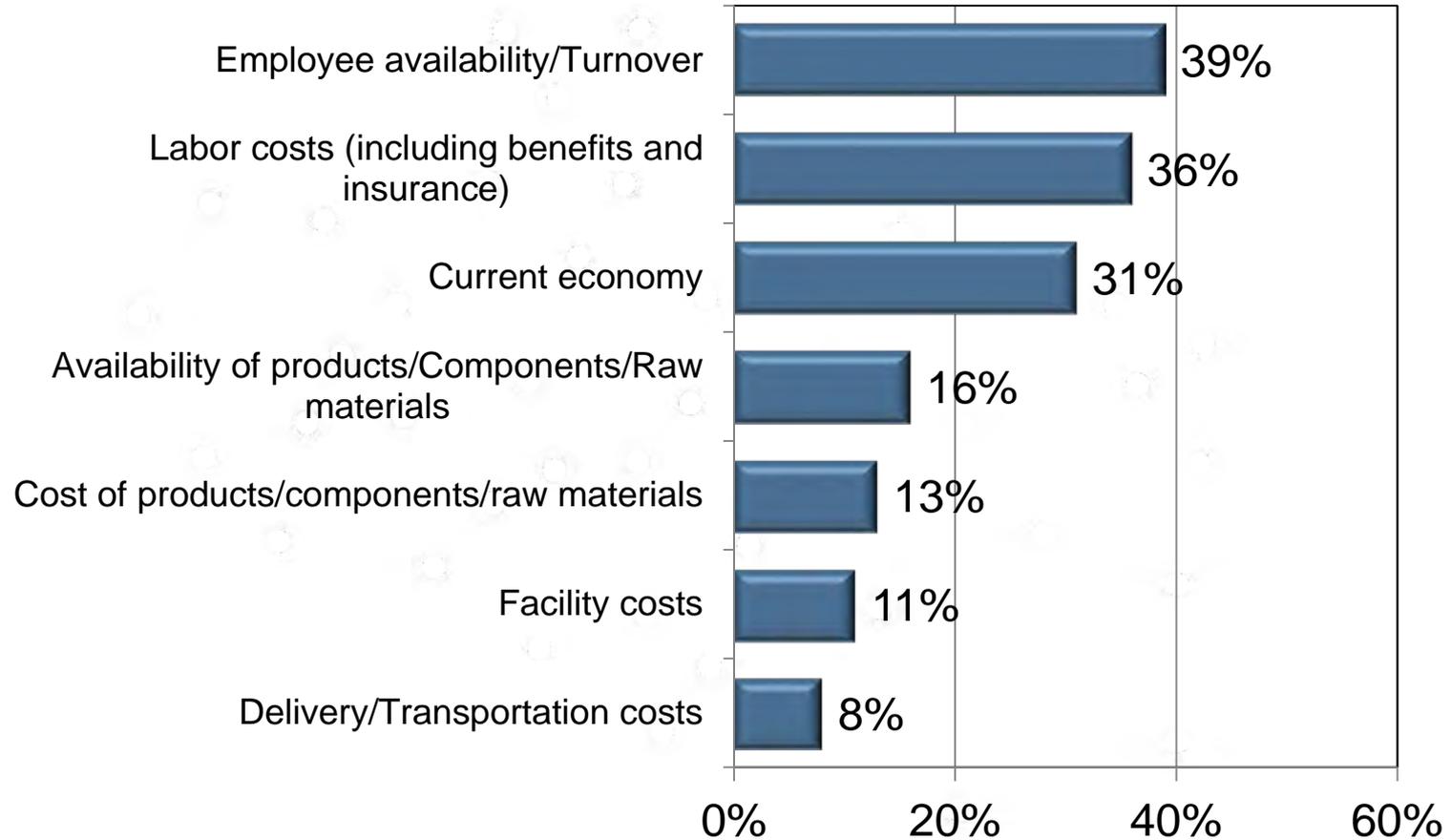
Approximately what percentage of your company's products, services and/or components are obtained from the following areas?



Employee availability/Turnover (39%) was reported as being the biggest hindrance to the success of respondents' businesses in Odessa. Labor costs (36%) and the current economy (31%) were the next biggest hindrances to success.

n=64

Hindrances?



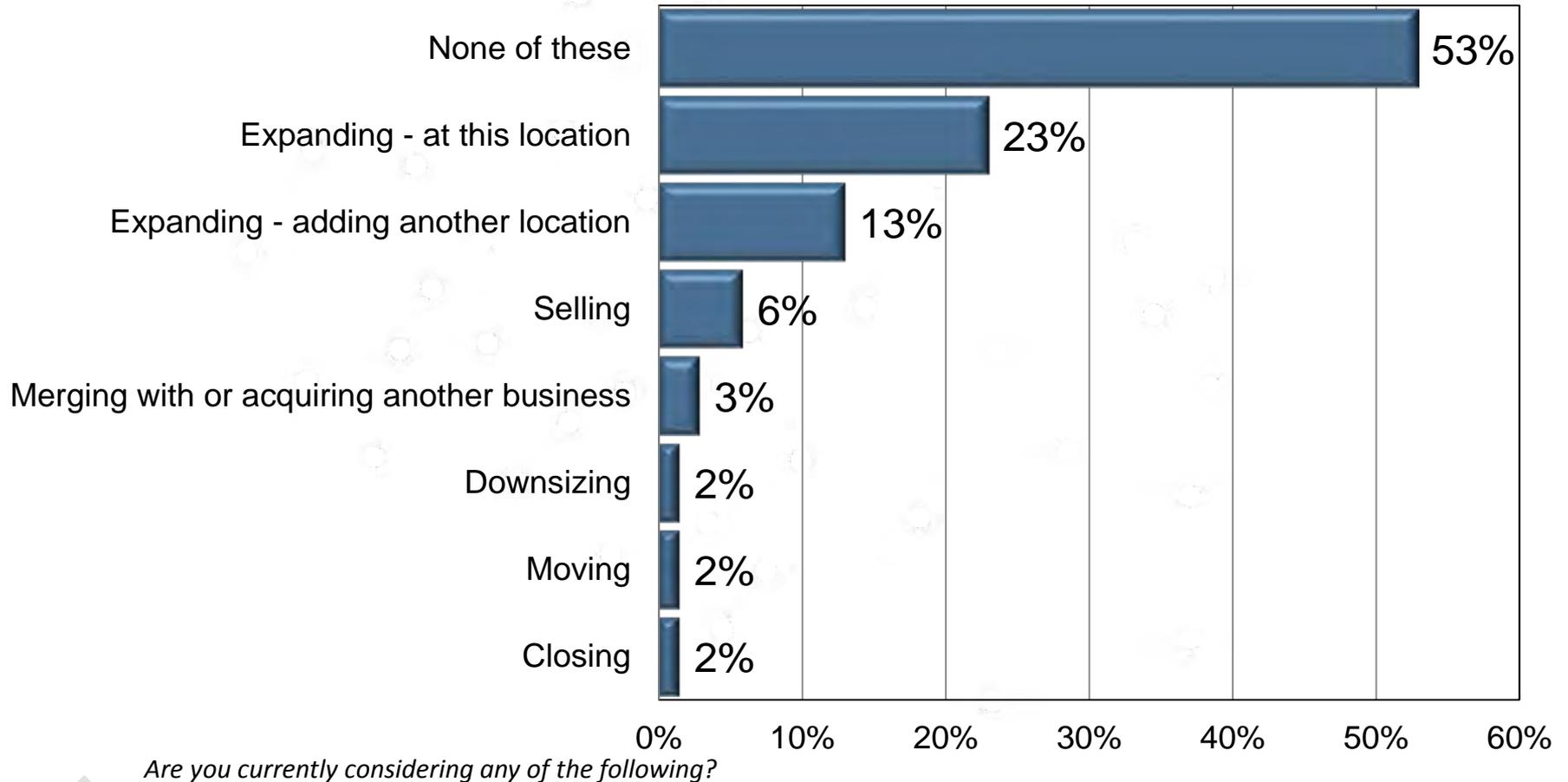
What are the hindrances to the success of your business in Odessa?



23% of respondents are considering expanding their business at its current location, while 13% of respondents are considering expanding at another location.

n=64

Business Plan Considerations

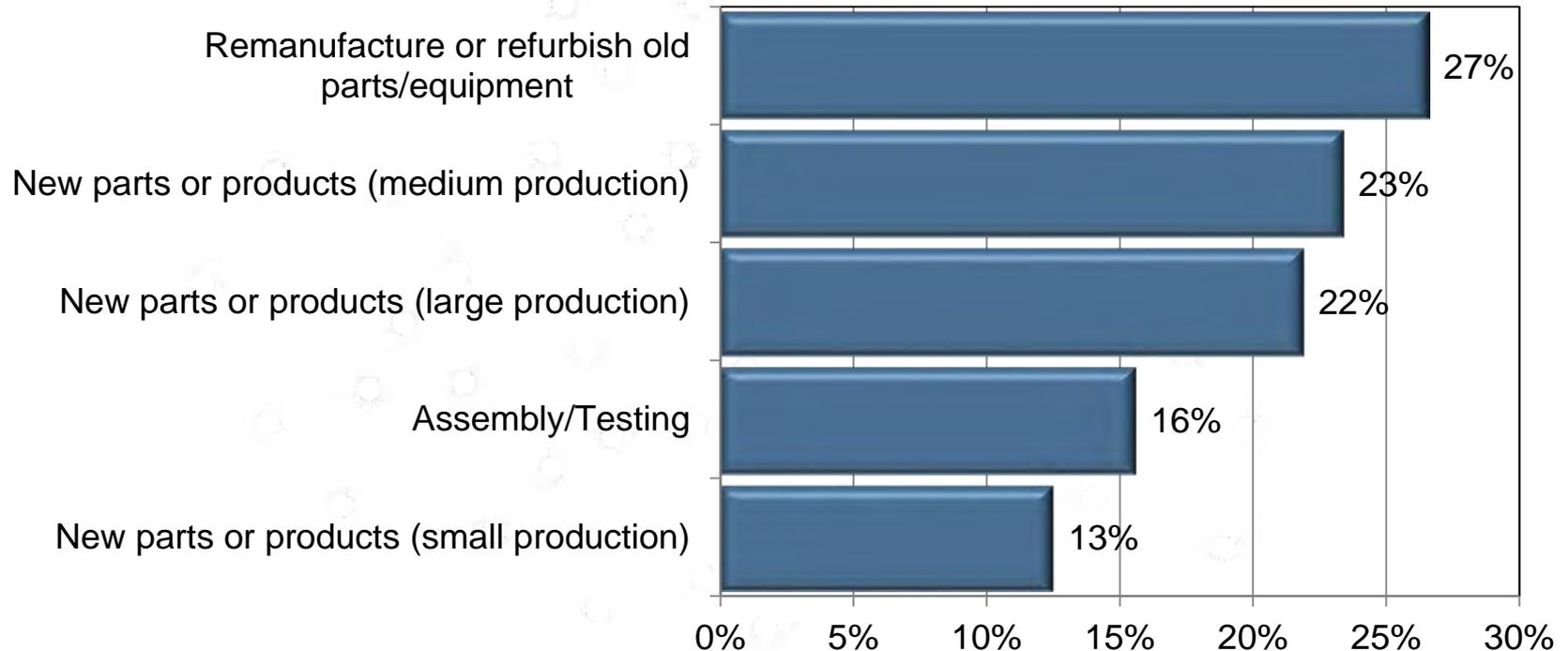




27% of respondents said remanufactured or refurbished parts/equipment were the principal products produced at their facility. 23% of respondents said their principal product was for new parts or products (medium production), with 22% of respondents saying their principal product was new parts or products (large production).

n=64

What are principal products at facility?



Which of the following categories best describes the principal products produced at your facility?

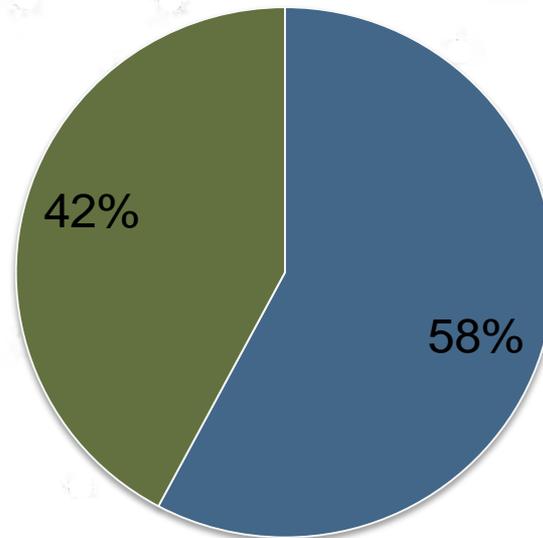


About 3 in 5 respondents said that the Odessa Development Corporation could contact the customers or suppliers of their businesses to market Odessa as a location.

n=64

Contact Customers/Suppliers?

■ Yes ■ No



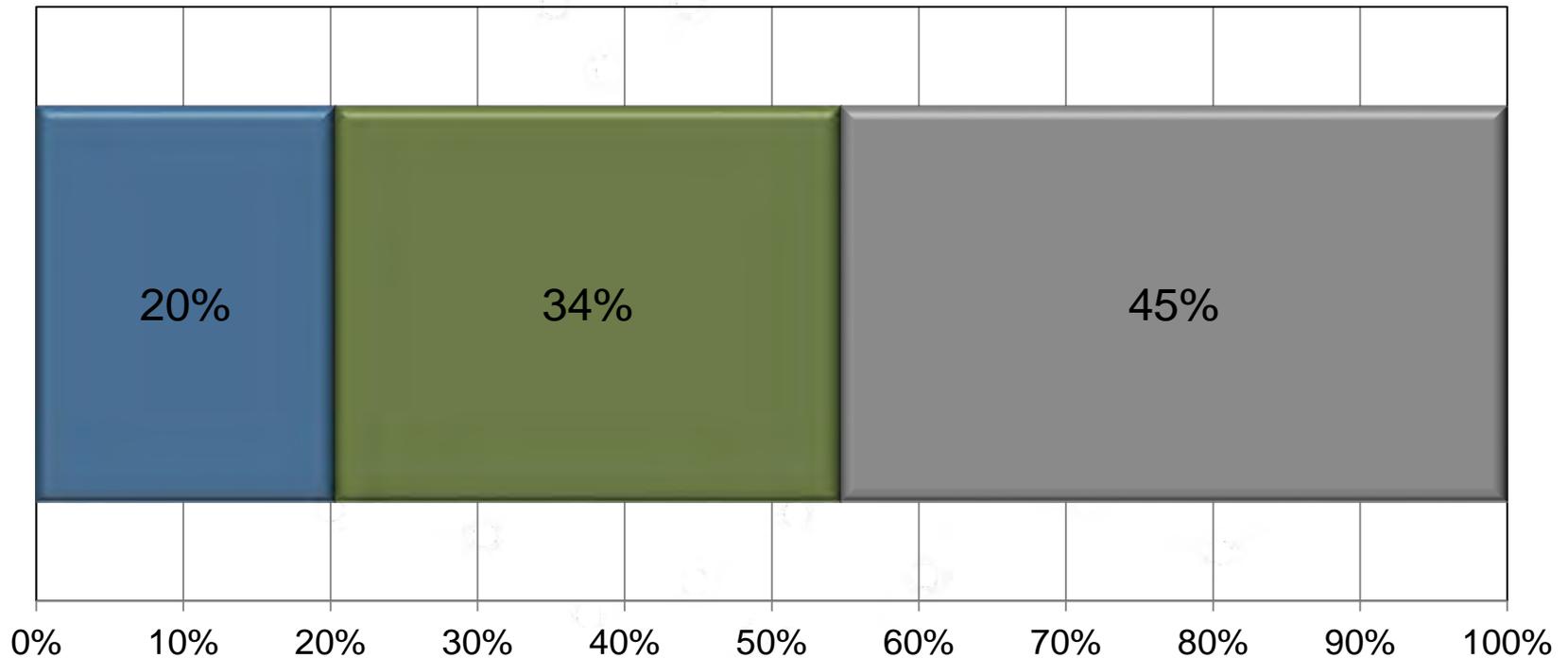
May the Odessa Development Corporation contact customers or suppliers of your business to market Odessa as a location?



Roughly half of respondents are familiar with the Odessa Development Corporation with 20% saying they are very familiar and 34% saying they are somewhat familiar.

n=64

■ Very familiar ■ Somewhat familiar ■ Not familiar at all



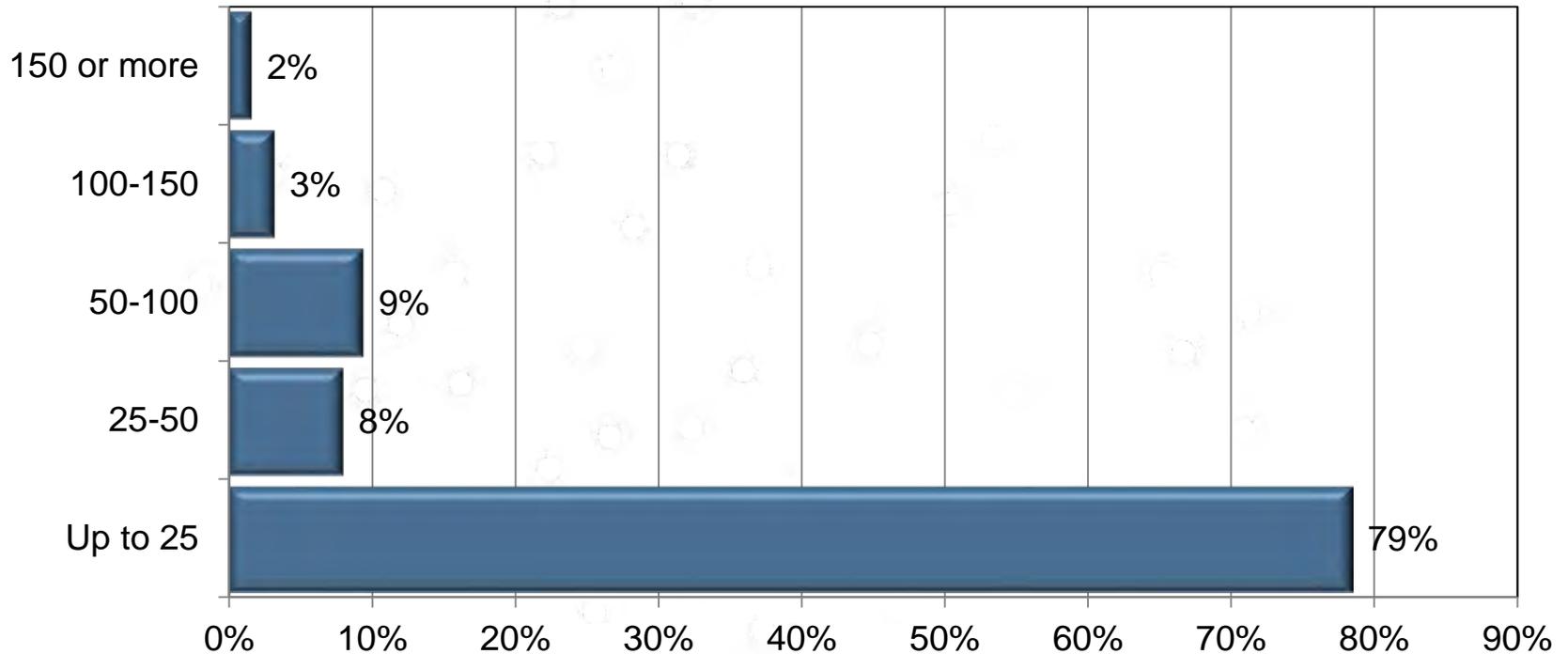
How familiar are you with the Odessa Development Corporation and what it can offer to local businesses?



Roughly 4 in 5 respondents said they currently had up to 25 full-time employees, with between 50-100 full-time employees (9%) being the next highest.

n=64

How many full-time employees currently?



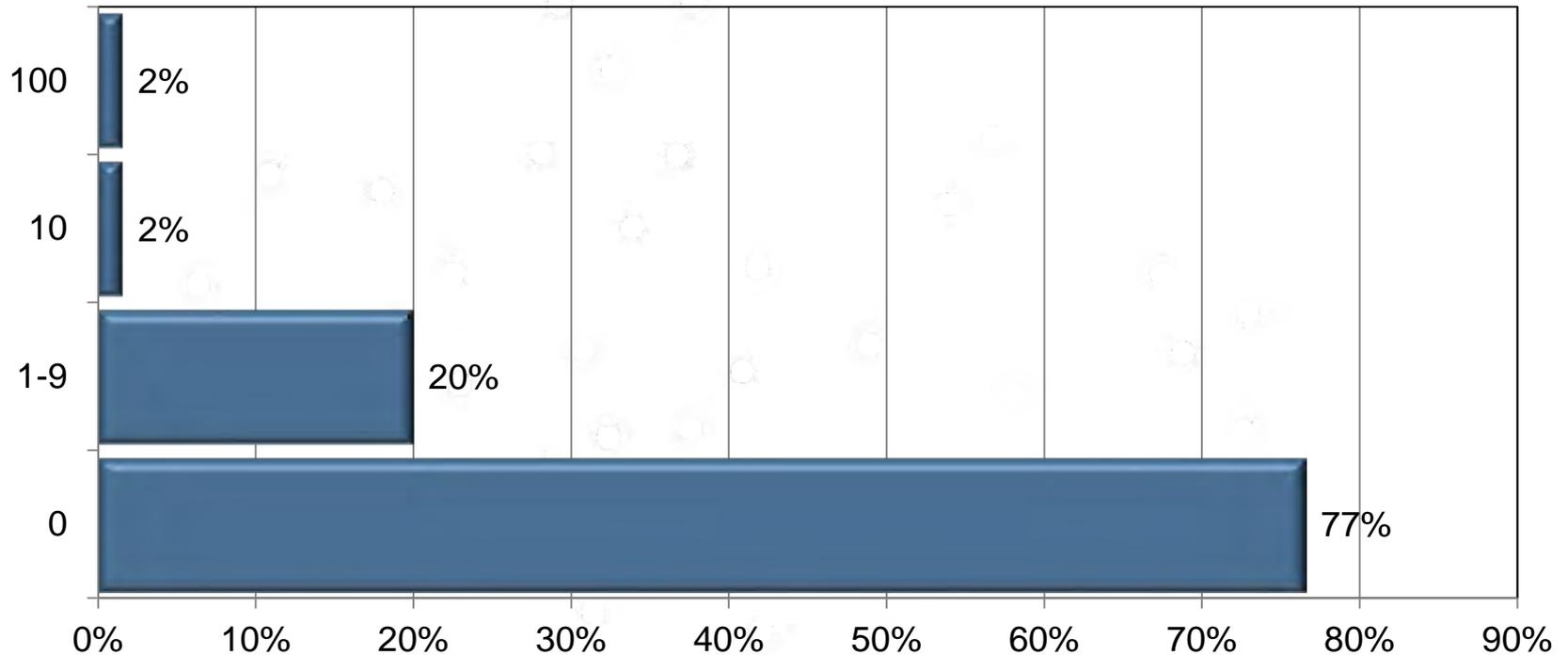
Number of full-time employees currently:



Roughly 4 in 5 respondents said they currently had zero part-time employees, with either 1 or 2 part-time employees (20%) being the next highest.

n=64

How many part-time employees currently?



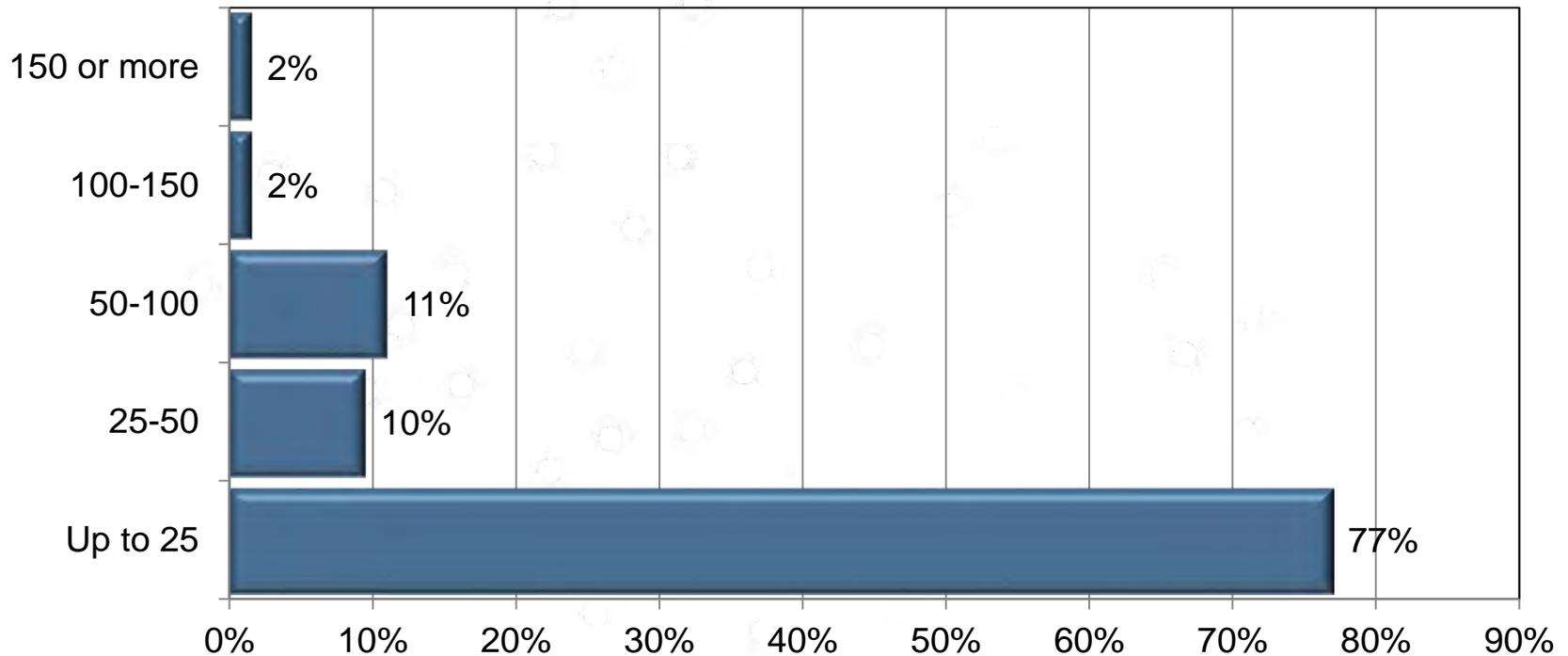
Number of part-time employees currently:



Roughly 4 in 5 respondents said they had up to 25 full-time employees in 2016, with between 50-100 full-time employees (11%) being the next highest.

n=64

How many full-time employees in 2016?



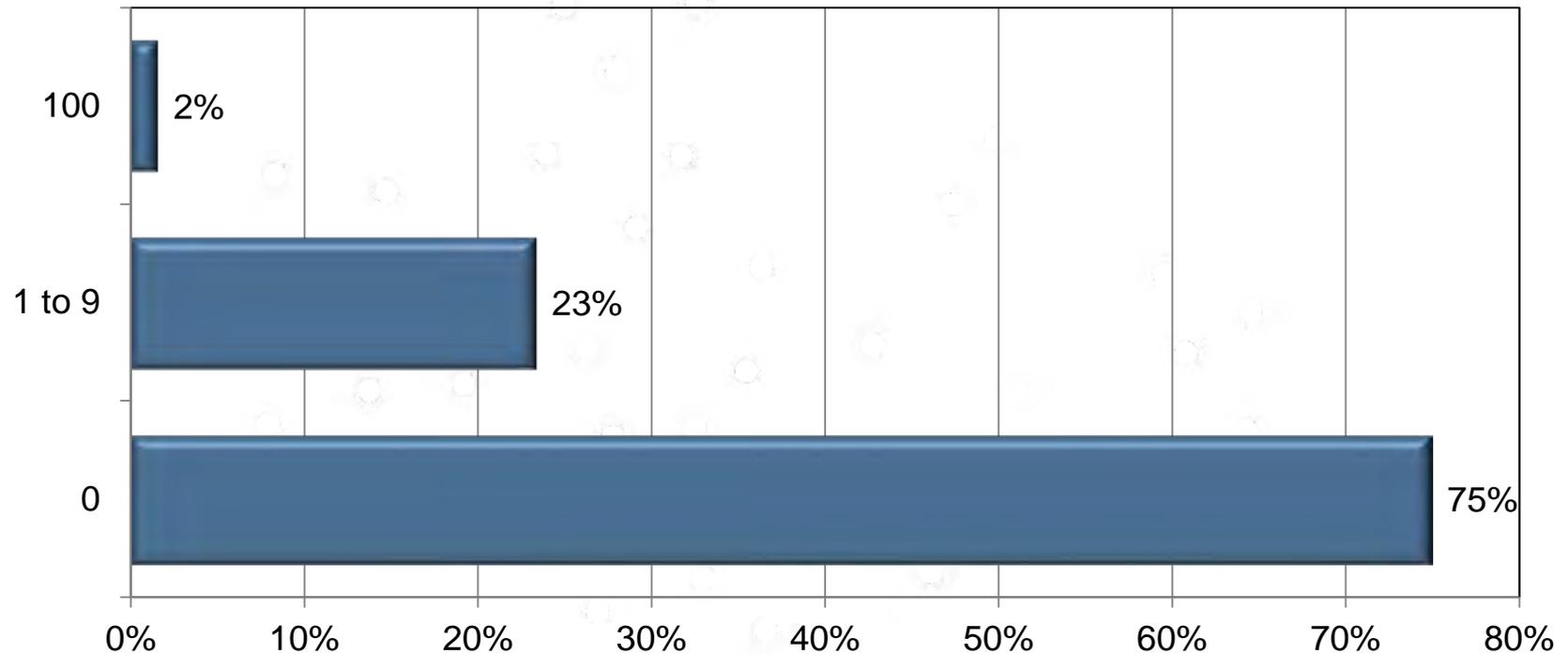
Number of full-time employees in 2016:



Roughly 4 in 5 respondents said they had zero part-time employees in 2016, with between 1 and 3 part-time employees (20%) being the next highest.

n=64

How many part-time employees in 2016?



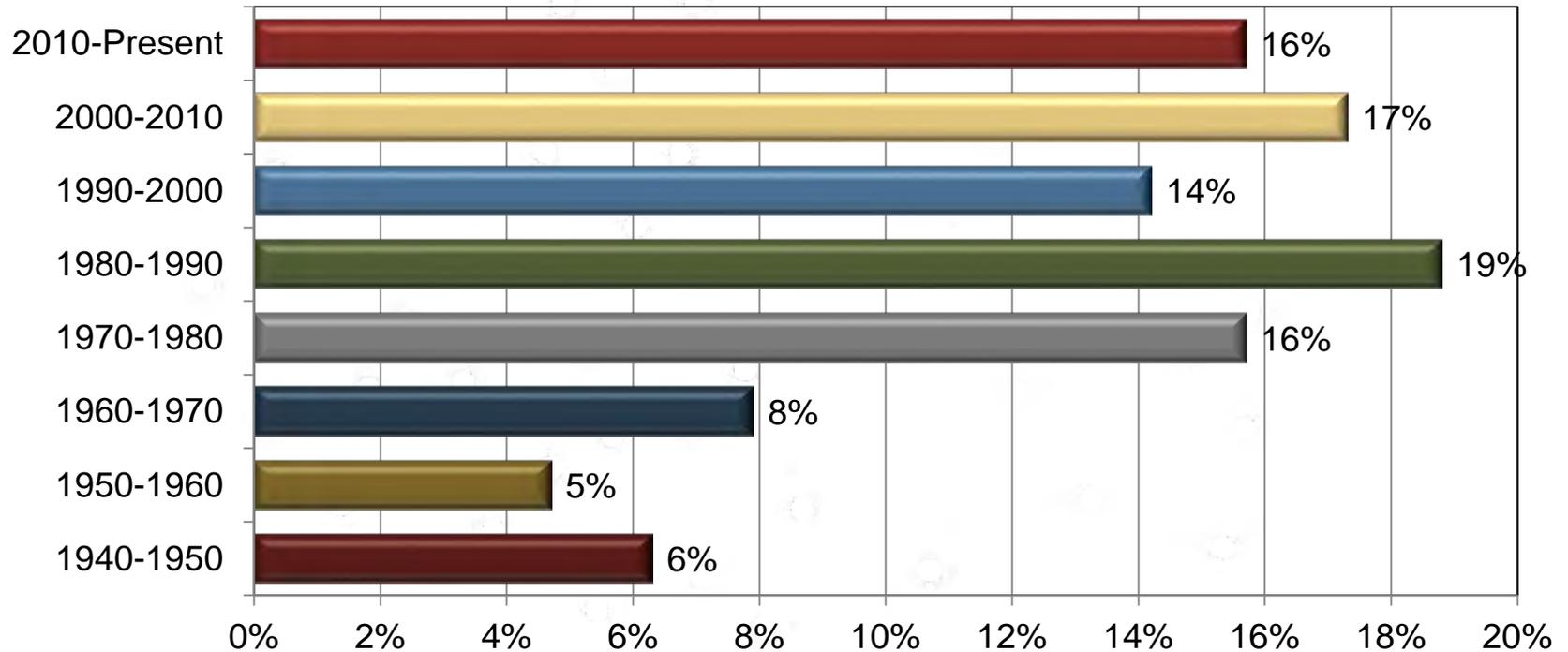
Number of part-time employees in 2016:



Roughly 1 in 5 respondents said they opened their businesses in Odessa between 1980-1990, with 17% having opened their businesses between 2000-2010.

n=64

Year Business Opened in Odessa



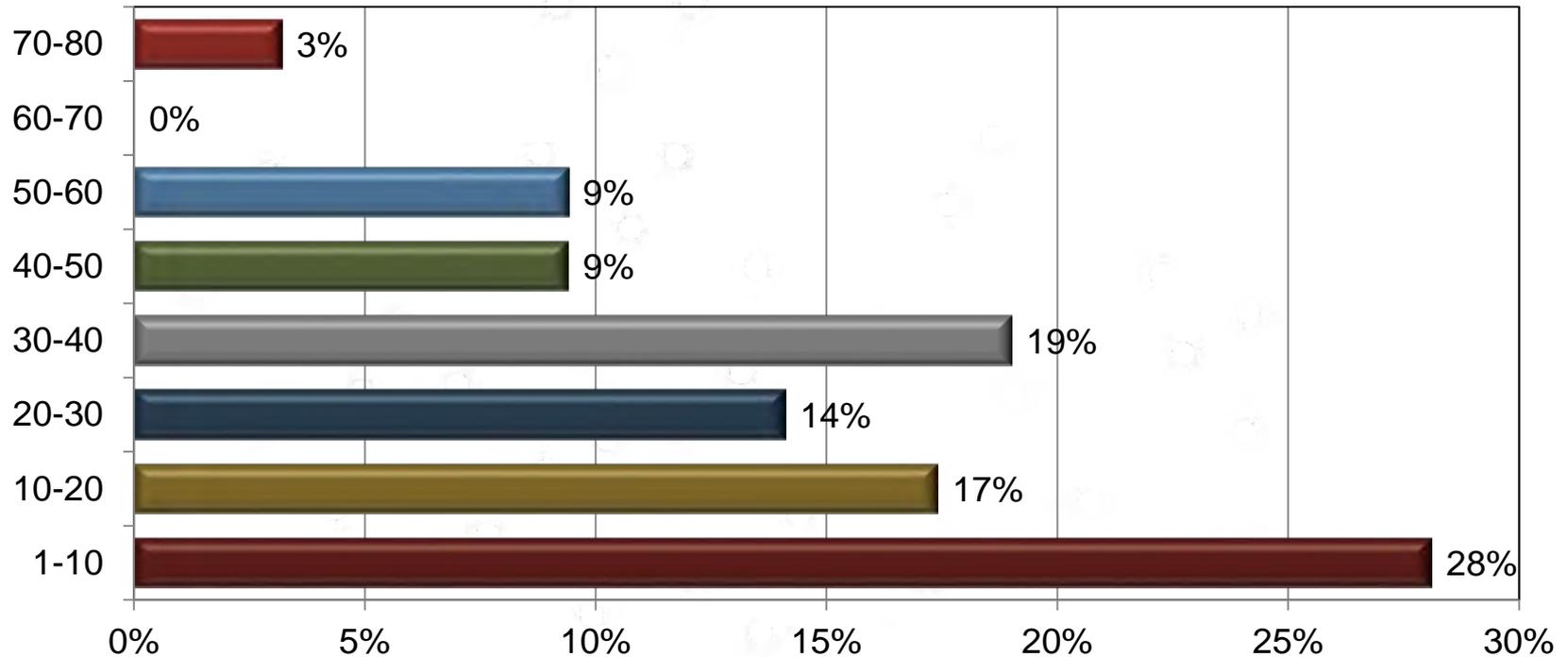
Year business opened in Odessa:



28% of respondents said they had been at their existing location between 1-10 years, followed by 19% having been in the same location between 30-40 years.

n=64

Number of Years in Existing Location



Number of years in existing location:



NEW SOUTH RESEARCH

WHAT ARE DEMOGRAPHICS?



Demographics

Which best describes your type of business?	
Corporation	61%
Limited Liability Company	14%
Partnership Sole Proprietorship	17%
Other	8%
Which option below best describes your business location?	
Branch of a corporation based outside of Odessa	6%
Branch of a corporation based in Odessa	14%
Corporate headquarters	55%
Regional headquarters	2%
Single office based in Odessa	20%
Other	3%
What were your total sales in 2016?	
Under \$250,000	13%
\$250,000 to \$1,000,000	30%
\$1,000,000 to \$10,000,000	44%
\$10,000,000 to \$50,000,000	11%
Over \$50,000,000	3%

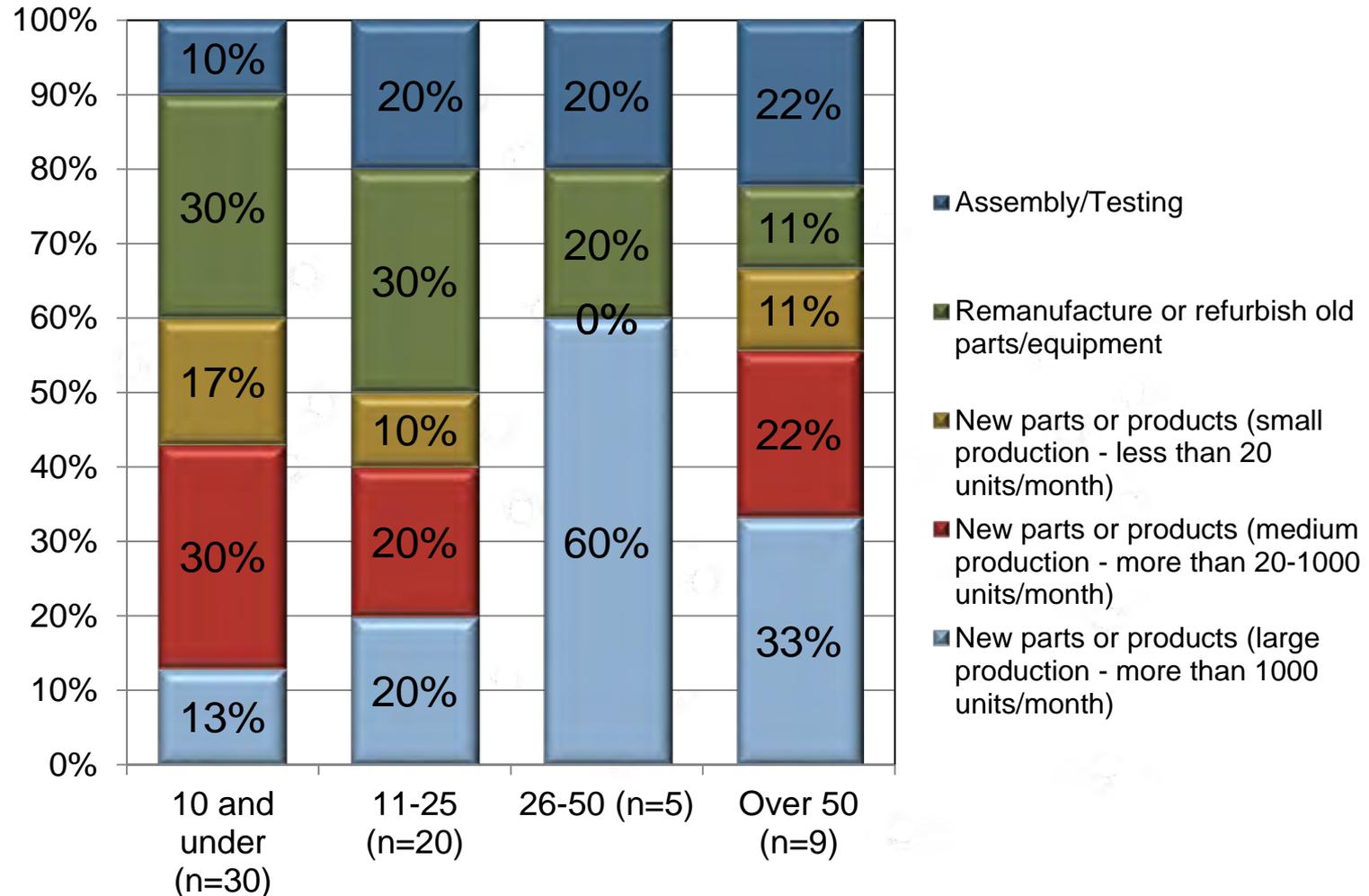


NEW SOUTH RESEARCH

APPENDIX I: PRINCIPAL PRODUCTS PRODUCED

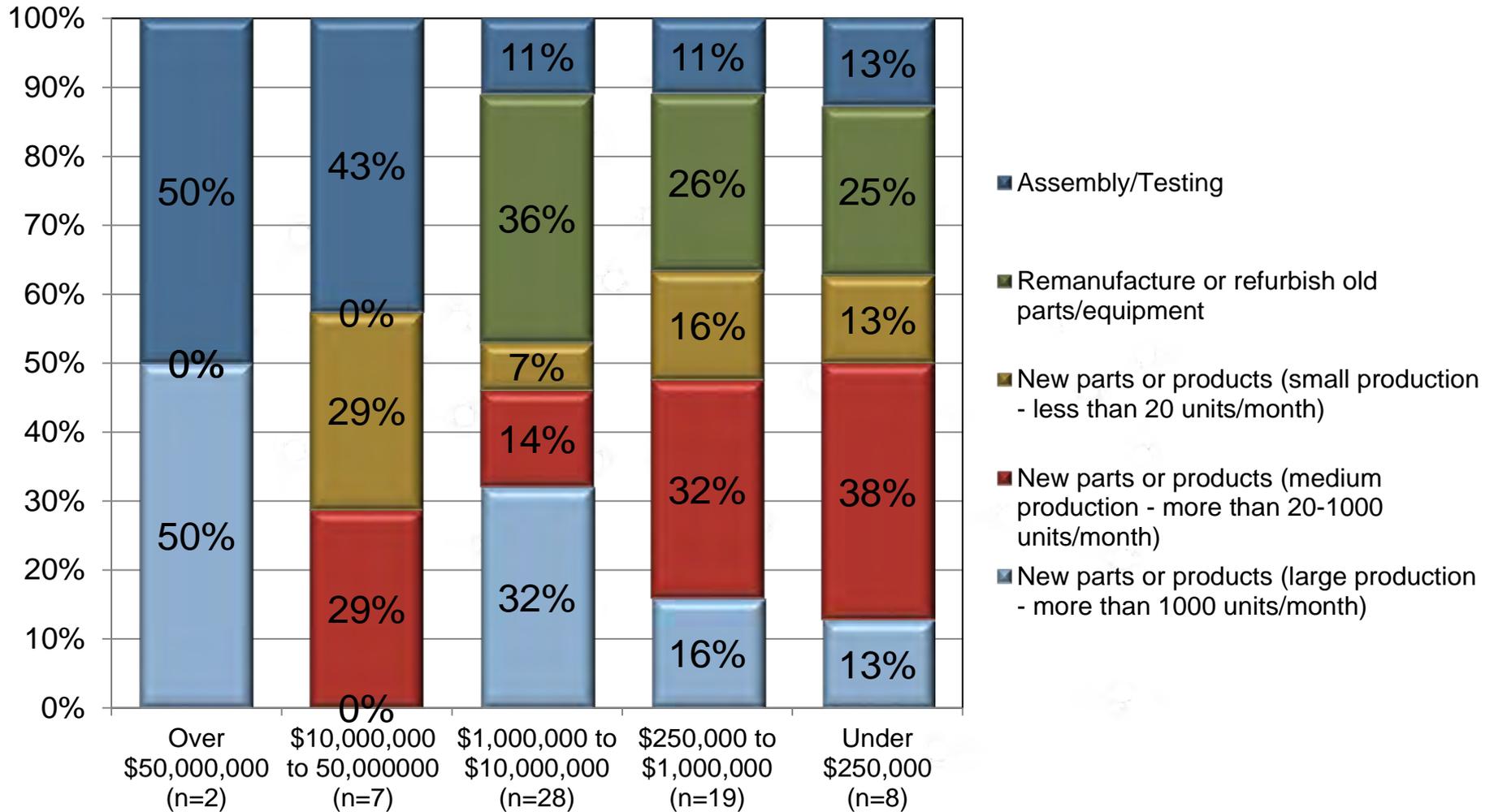


Principal products produced by companies' number of employees (Full-time and part-time employees combined)



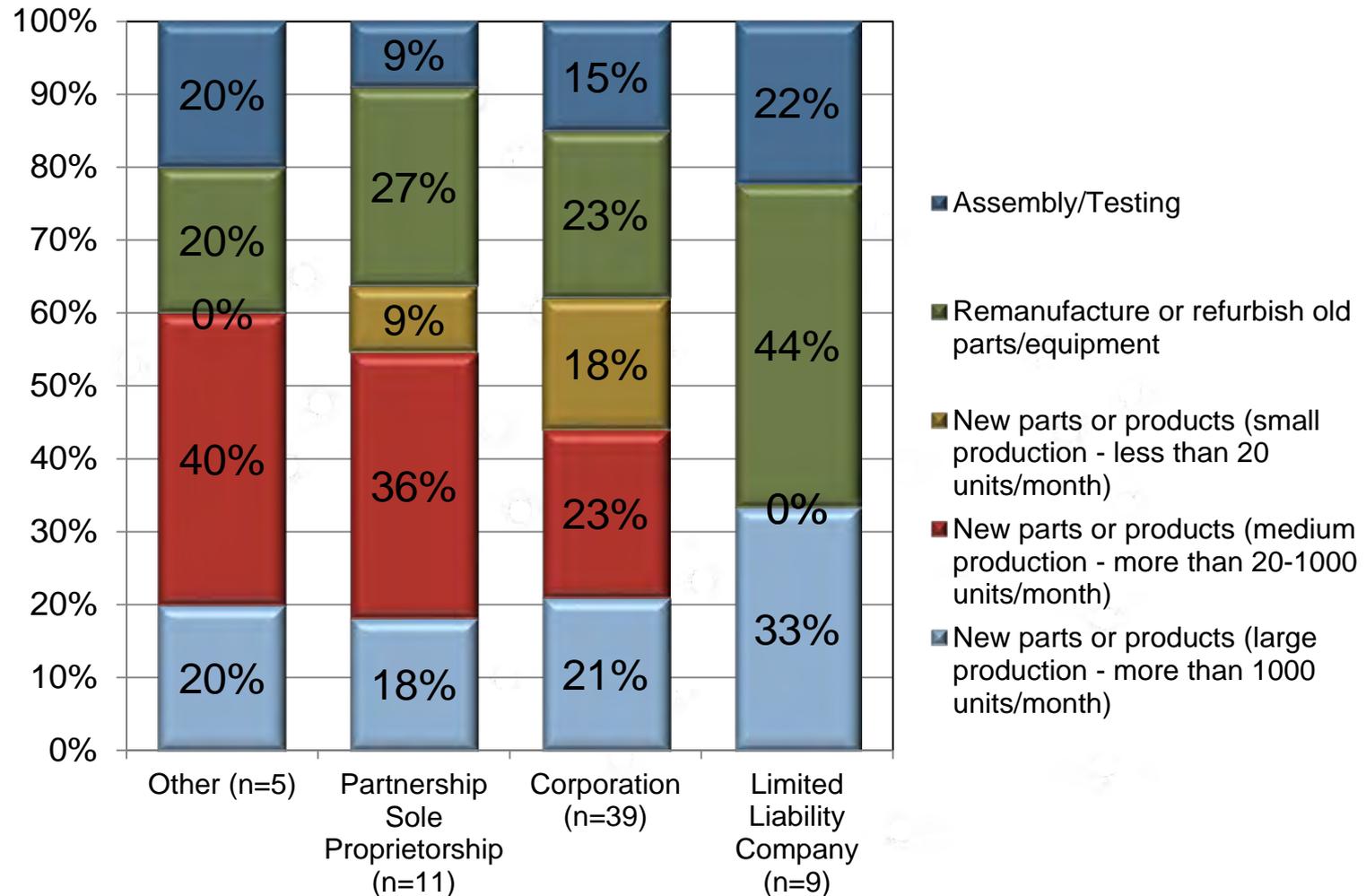


Principal products produced by companies' sales





Principal products produced by type of company



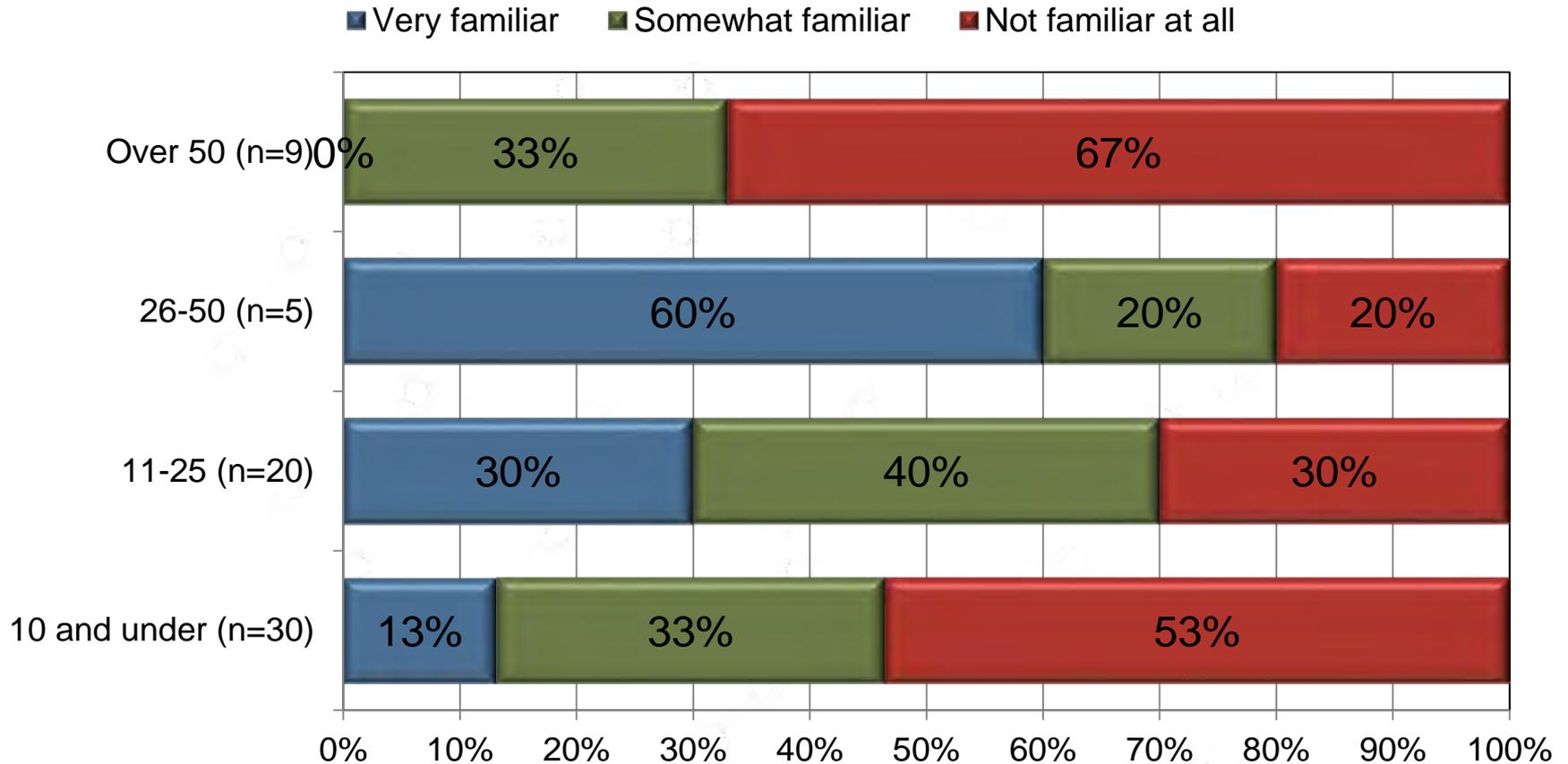


NEW SOUTH RESEARCH

**APPENDIX II:
FAMILIARITY WITH
ODESSA DEVELOPMENT CORP**

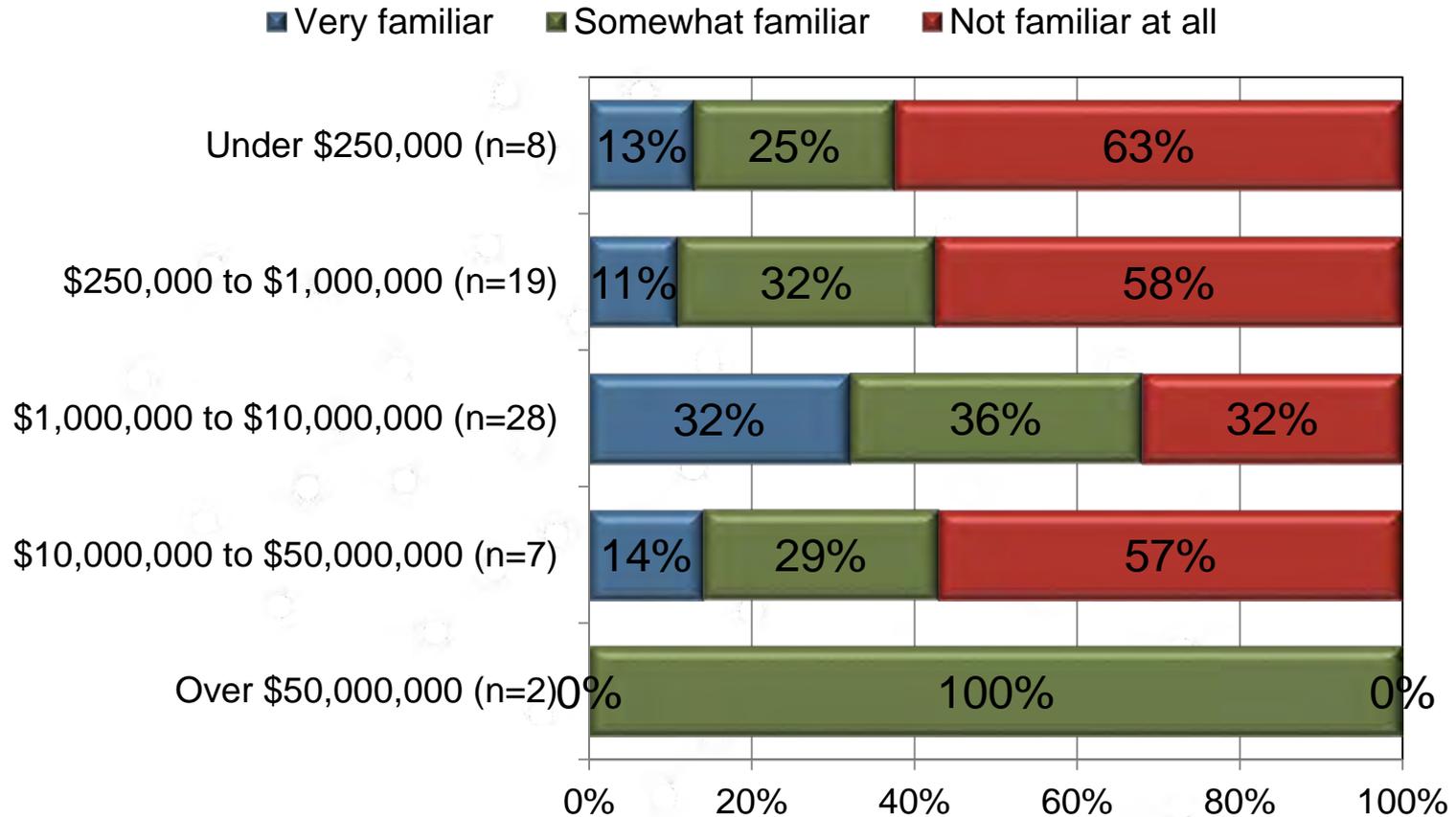


Familiarity with Odessa Development Corp. by companies' number of employees (Full-time and part-time employees combined)





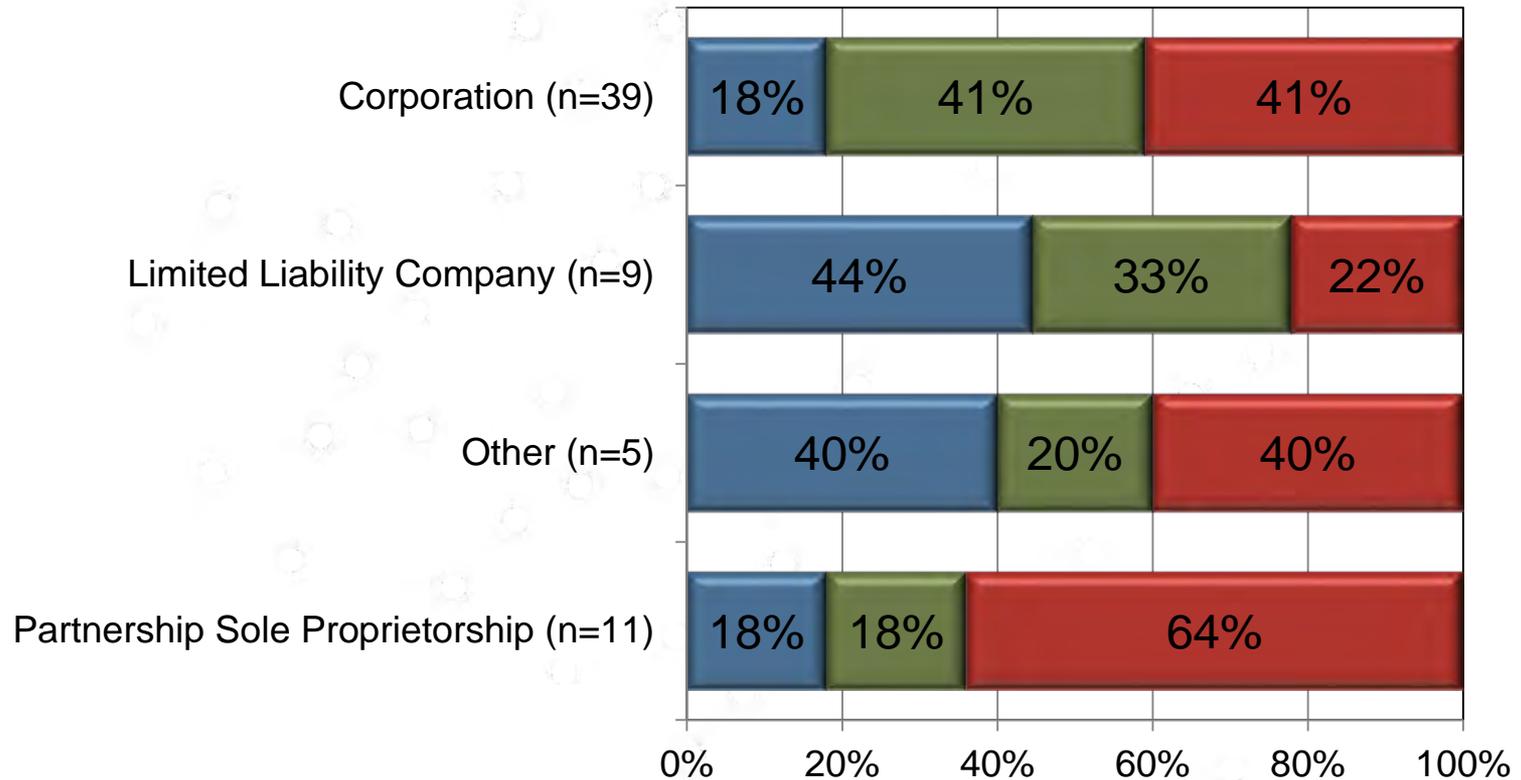
Familiarity with Odessa Development Corp. by companies' sales





Familiarity with Odessa Development Corp. by type of company

■ Very familiar ■ Somewhat familiar ■ Not familiar at all



ODC Database Development Report Comparison

Markets Served:

From 2016 to 2017:

Respondents whose business is done 75-100% within the local market increased from 38% to 49%. Respondents whose business is done 50-75% within the local market increased from 10% to 11%. Respondents whose business is done 25-50% within the local market decreased from 24% to 19%. Respondents whose business is done less than 25% in the local market decreased from 12% to 9%. Respondents whose business is not done in the local market at all decreased from 16% to 13%.

Respondents whose business is done 75-100% within the statewide market remained at 11%, while respondents who do no business in the statewide market increased from 36% to 38%. Respondents whose business is done less than 25% within the statewide market increased from 21% to 31%. Respondents whose business is done 25-50% within the statewide market decreased from 29% to 19%. Respondents whose business is done 50-75% within the statewide market increased from 2% to 6%.

Respondents whose business is done 50-75% or 75-100% within the national market experienced very little change. Respondents whose business is done 25-50% within the national market decreased from 24% to 14%. Respondents whose business is done less than 25% or not at all within the statewide market both increased by 4%.

Respondents who do no business in the international market increased from 77% to 81%. Respondents whose business is done 25% or less within the international market remained the same. Respondents whose business is done 25% or more within the international market experienced very little change.

Levels of Service/Support

From 2016 to 2017:

Respondents whose services or components came 50% or more from the Odessa area increased from 44% to 46%, and respondents whose services or components came 25-50% from the Odessa area increased from 14% to 22%. Respondents whose services or components came less than 25% from the Odessa area remained at 28%, and respondents whose services or components did not come from the Odessa area at all experienced a very small decrease.

Respondents whose services or components came 50% or more from the statewide market decreased from 34% to 22%, and respondents whose services or components came 25% or less from the statewide market increased from 20% to 31%. Respondents whose services or components came 25-50% from the statewide market decreased from 28% to 20%. Respondents whose services or components did not come from the statewide market at all increased from 19% to 27%.

Respondents whose services or components came 50% or more from another state decreased from 15% to 11%, and respondents who received none of their services or components from another state increased from 34% to 48%. Respondents whose services or components came 50% or less from another state both experienced small decreases.

Services and components received from the international market remained low. Respondents who received none of these from international markets increased from 75% to 80%. Respondents who received any of these from the international market all experienced very small decreases or remained the same.

Hindrances to Business Success in Odessa

ODC Database Development Report Comparison

From 2016 to 2017:

Respondents who said that the current economy was the biggest hindrance to their business decreased from 78% to 31%. However, respondents who said that employee availability or turnover was the biggest hindrance to their business increased from 24% to 39%. Respondents who said that the cost of products, components, or raw materials was the biggest hindrance to their business decreased from 35% to 13%. The number of respondents who said that delivery and transport costs, facility costs, availability of products, or labor costs were the biggest hindrance to their business remained about the same.

Company Considerations

From 2016 to 2017:

Respondents who said they were considering expanding at their current location increased from 15% to 23%, and respondents who said they were considering expanding by adding a new location increased from 8% to 13%. Companies considering a move experienced a small decrease. Companies considering merging with or acquiring another business decreased from 9% to 3%. Companies considering selling their business experienced a minor decrease. Respondents who said they were considering downsizing decreased from 19% to 2%.

Respondents who were considering none of these things remained at 53%.

Principal Products Produced

From 2016 to 2017:

Respondents whose principal product produced was new parts or products decreased from 25% to 13%. Respondents whose principal product produced was for assembly or testing increased from 3% to 16%. Respondents whose principal product produced was new parts or products for large production increased from 10% to 22%. Respondents whose principal product produced was new parts or products for medium production increased from 16% to 23%. Respondents whose principal product produced was for remanufacture or refurbishing increased from 11% to 27%.

Familiarity with Odessa Development Corporation and its Functions

From 2016 to 2017:

Respondents who were not familiar with ODC at all decreased from 51% to 45%. Respondents who were somewhat familiar decreased from 42% to 34%. Respondents who were very familiar increased from 7% to 20%.

Number of Full-Time Employees In Previous Year

From 2016 to 2017:

Respondents who had up to 25 full-time employees experienced a small increase. Respondents who had 25-50 full-time employees decreased from 13% to 8%. Respondents who had 50-100 full-time employees increased from 4% to 9%. Respondents who had 100-150 full-time employees experienced a small increase, and Respondents who had 150 or more full-time employees experienced a small decrease.

Number of Part-Time Employees In Previous Year

ODC Database Development Report Comparison

From 2016 to 2017:

Respondents who had 0-24 or 25-50 part-time employees experienced a small decrease. Respondents who had 50-100 part-time employees experienced a small increase. Respondents who had 100-150 part-time employees experienced no change, while respondents who had 150 or more part-time employees experienced a small decrease.

Number of Full-Time Employees in Previous Year

From 2016 to 2017:

Respondents who had up to 25 full-time employees in the previous year increased from 70% to 77%. Respondents who had 25-50 full-time employees in the previous year experienced a small decrease. Respondents who had 50-100 full-time employees in the previous year experienced a small increase. Respondents who had 100-150 full-time employees in the previous year experienced no change. Respondents who had 150 or more full-time employees in the previous year experienced a small decrease.

Number of Part-Time Employees in Previous Year

From 2016 to 2017:

Respondents who had 0 part-time employees in the previous year experienced a small decrease. Respondents who had 1-9 part-time employees in the previous year experienced a small increase. Respondents who had 10 part-time employees in the previous year experienced a small decrease, while respondents who had 100 part-time employees in the previous year experienced a small increase.

Which Best Describes Your Business:

From 2016 to 2017:

Businesses describing themselves as corporations and limited liability companies experienced a small decrease. Businesses describing themselves as partnership sole proprietorships or “other” experienced a small increase.

Which Best Describes Your Business Location:

From 2016 to 2017:

Businesses describing themselves as branches of corporations based in and outside of Odessa experienced decreases. Businesses describing themselves as corporate headquarters or as a single office in Odessa experienced greater than 20% increases. Businesses describing themselves as regional headquarters experienced a small increase, and businesses describing themselves as “other” remained at the same level.

Total Sales in the Previous Year:

From 2016 to 2017:

Businesses whose total sales were under \$250,000, between \$1,000,000 and \$10,000,000, and between \$10,000,00 and \$50,000,000 all experienced a small increase. Businesses whose total sales were between \$250,000 and \$1,000,000 and over \$50,000,000 experienced a small decrease.

ITEM

11

Yung Ham, LLC

RESOLUTION NO. ODC-2018R-____

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE ODESSA DEVELOPMENT CORPORATION, APPROVING THE DOWNTOWN BUILDING FAÇADE ECONOMIC DEVELOPMENT AGREEMENT WITH YUNG HAM LLC (CRENSHAW CARPET), APPROVING THE FINDINGS OF FACT; AUTHORIZING THE PRESIDENT OF ODESSA DEVELOPMENT CORPORATION TO EXECUTE ANY DOCUMENTS NECESSARY TO IMPLEMENT THIS RESOLUTION; AND DECLARING AN EFFECTIVE DATE.

WHEREAS, the attached Building Façade Agreement meets the promotional provisions of the ODC Guidelines and state law;

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE ODESSA DEVELOPMENT CORPORATION:

Section 1. That the statements of fact in the Preamble are found to be true and correct and are approved as findings of the Board.

Section 2. That the Downtown Building Façade Economic Development Agreement with Yung Ham LLC (Crenshaw Carpet), attached hereto as Exhibit "A", is approved and authorized for execution.

Section 3. That this resolution shall be effective at the time of its adoption.

The foregoing resolution was approved and adopted on the 8th day of February, A.D., 2018, by the following vote:

Gene Collins	_____
Melanie Hollmann	_____
Betsy Triplett-Hurt	_____
Ted Tuminowski	_____
Tim Edgmon	_____

Approved the 8th day of February, A.D., 2018.

Betsy Triplett-Hurt, President

ATTEST:

Norma Aguilar-Grimaldo, Assistant Secretary

EXHIBIT "A"

STATE OF TEXAS §
COUNTY OF ECTOR §

DOWNTOWN BUILDING FAÇADE
ECONOMIC DEVELOPMENT AGREEMENT
ODESSA DEVELOPMENT CORPORATION
(GRANT)

THIS AGREEMENT is entered into by and between the ODESSA DEVELOPMENT CORPORATION ("ODC"), a Texas non-profit corporation, whose address is 411 West 8th Street, P.O. Box 4398, Odessa, Texas, 79760, and YUNG HAM LLC, ("Company"), whose current address is 7653 W. 16th Street Odessa, Texas 79763-6418.

I.
Background

- 1.1 **Purpose:** ODC is a tax-supported non-profit corporation whose primary income is from sales tax collected within the City of Odessa and dedicated exclusively to economic development. The sales tax supporting ODC is authorized as a local option under the Development Corporation Act, Chapters 501 through 505 of the Texas Local Government Code (the "Act"), and was enacted by the voters of Odessa in November, 1997. ODC exists for the primary and public purpose of developing, stabilizing, diversifying and expanding the Odessa economy through the construction of necessary infrastructure, the investment in site facilities and retention, expansion and recruitment of employment opportunities in order to benefit citizens of Odessa and the surrounding area.
- 1.2 **Project:** Based on the expressed purpose, Company satisfies the requirements of the Act which includes Section 504.105, for promotional purposes, and the façade improvements at 615 E. 8th Street (address), S WILLIAMS Block 79 Lots 1-5 (legal description) ("Property") will enhance the appearance of a building and demonstrate the renewed viability of the Odessa Downtown area, which in turn will develop new and expanded business in the area.

NOW, THEREFORE, in consideration of the premises and of the mutual covenants and agreements of the parties, it is agreed as follows:

II.
Economic Benefits To the Citizens of Odessa

- 2.1 **Conditions:** Company agrees to the following conditions of the grant:
- .1 To improve the façade of the Property as described in Exhibit "A", a corner building of exceptional size (approximately 32,000 sq. ft.) and located on more than 2 lots, at a cost of at least \$37,500 within twelve (12) months of the effective date of the Agreement.
 - .2 To comply with all city ordinances and laws in the construction of the façade improvements.

- .3 All of the façade improvements shall be eligible as required by the ODC Building Façade Program.
 - .4 Company shall be current on payment of all ad valorem taxes due and owing by it to the City of Odessa and all other taxing authorities having jurisdiction during the term of this agreement.
 - .5 Company shall obtain and maintain all necessary rights, licenses and permits required by law.
 - .6 The construction of the façade improvements must be completed on or before twelve (12) months after approval by the City Council.
- 2.2 **Term:** This Agreement becomes effective upon execution of this Agreement by all of the parties and approval by ODC and the City Council of the City of Odessa, Texas (the "Effective Date"), and shall be for a term of twelve (12) months. The Agreement may be terminated by mutual agreement of the parties, or when terminated as hereinafter provided.
- 2.3 **Law:** The parties are aware of statutory limitations on this grant and the use of funds under the Act, and acknowledge that the funds herein granted or guaranteed shall be utilized solely for purposes authorized under that law and by the terms of this Agreement.
- 2.4 **Insurance:** Company shall at its sole expense obtain and maintain property insurance to protect the Property from "All Risks" of direct physical loss or damage for the entire term of this Agreement. Company shall provide a certificate of such insurance to ODC within 30 days of the Effective date of the Agreement and prior to payment by ODC.

III.

Economic Incentives for Development

- 3.1 **Incentives:** ODC shall provide the following incentive, in the designated amount, after Company shows compliance with the conditions set forth herein.
- A grant to reimburse Company for eighty percent (80%) of the actual cost of the façade improvements on site, and listed in Exhibit "A", but not to exceed a total grant of \$30,000.
- 3.2 **Documents:** Prior to any payment by City, Company shall deliver to City the following documents: (1) an executed copy of this Agreement; (2) documents sufficient to show that the Company is authorized to approve the Agreement and the officer signing for the Company is authorized to do so; (3) any required insurance certificate or policy; (4) documents showing compliance with the conditions set forth in this agreement, including invoices for eligible work completed after the final approval of this Agreement by the City Council of the City of Odessa; and (5) written invoice for payment of grant and a current W-9 form.
- 3.3 **Inspection:** Prior to any payment by ODC, a physical inspection must be completed to verify completion of all repairs.

- 3.4 **Payment Schedule:** The incentives shall be paid by ODC to Company, on receipt of the required documents in Sections 3.2 and 4.4 and City's confirmation of eligibility.

IV.
Special Conditions

- 4.1 **Covenants:** Company makes the following covenants to ODC and agrees that in the event of failure of Company to comply with such covenants, the breach of any one of which shall constitute an event of default, ODC may terminate this Agreement, at its sole discretion; and in the event of such termination, if any consideration has been paid to or on behalf of Company, and not earned, Company must reimburse ODC for such consideration:

- .1 Company is a legal entity duly organized and existing in good standing and is duly authorized to do business in the State of Texas.
- .2 The execution of this Agreement has been duly authorized by its individual owner or by its board of directors or an officer of the Company empowered to execute such agreements and bind the Company, and is not in contravention of any law, rule or regulations or of the provisions of Company's articles of incorporation or by-laws, or of any agreement or instrument to which Company is a party or by which it may be bound.
- .3 No material litigation or governmental proceeding is pending, or, to the knowledge of any of Company's officers, threatened against or affecting Company.
- .4 No certificate or statement delivered by Company to ODC in connection herewith, or in connection with any transaction contemplated hereby, contains any knowingly untrue statement or fails to state any fact necessary to keep the statements contained therein from being misleading.
- .5 There are no bankruptcy proceedings or other such proceedings currently pending or contemplated by Company.

- 4.2 **Suspension:** ODC, under the following circumstances, at its sole discretion, may suspend its obligations under this Agreement, may terminate this Agreement under the following conditions:

- .1 The insolvency of Company. "Insolvent" is defined to mean Company either has ceased to pay its debts in the ordinary course of business or cannot pay its debts as they become due, or is insolvent within the meaning of the federal bankruptcy law.
- .2 The appointment of a receiver of Company, or of all or any substantial part of its property, and the failure of such receiver to be discharged within sixty (60) days thereafter.
- .3 The adjudication of Company as a bankrupt.

- .4 The filing by Company of a petition to be adjudged a bankrupt, or a petition or answer seeking reorganization or admitting the material allegations of a petition filed against it in any bankruptcy or reorganization proceeding.
- 4.3 **Additional Covenants:** If Company should fail to comply with the terms and conditions of this agreement, the breach of any one of which shall constitute an event of default, and fail to cure such violation within fifteen (15) days of written notice, ODC may terminate this Agreement.
- 4.4 **Payments:** Company agrees that ODC will only be required to pay funds from moneys currently collected and budgeted by means of the economic development sales tax; and in the event that there are not sufficient funds for purposes of this Agreement, then the funding for this Agreement shall not be offset or charged against any other funds of ODC or City. Payments to be made to Company shall also require a written request and completion of all necessary supporting documentation including a signed W-9 tax identification form. ODC shall have thirty days to make payment after receipt of such payment request and necessary supporting documentation and City's confirmation of eligibility. The payment request and documentation shall be directed to City Attorney, City of Odessa, 411 W. 8th Street, P.O. Box 4398, Odessa, Texas 79760.

V. **General Terms**

- 5.1 **Entire Agreement:** This Agreement embodies the complete agreement of the parties hereto, superseding all oral or written, previous and contemporary agreements between the parties relating to matters in this Agreement; and except as otherwise provided herein, this Agreement cannot be modified or amended without a written agreement of the parties.
- 5.2 **Legal Relationships:** No term or provision of this Agreement or act of Company in the performance of this Agreement shall be construed as making Company, or its employees, the agent, servant, employee or contractor of City or ODC. The City's approval of the Agreement is required by the ODC Articles of Incorporation and Bylaws. The City is a third party beneficiary and not a direct party to the Agreement.
- 5.3 **Indemnity:** *Company shall indemnify and hold harmless ODC, City and Downtown Odessa, Inc., their respective officers, employees, and agents from any and all claims, liabilities, losses, damages and expenses arising out of or in any manner connected with this Agreement, but only to the extent resulting from or caused by the negligence, gross negligence, willful or intentional act or omission of the Company, its officers, employees and agents, and including all expenses, attorney's fees and court costs which may be reasonably incurred by the City, ODC or Downtown Odessa, Inc. in litigation or in resisting any such claims or such causes of action.*
- 5.4 **Termination:** This Agreement may be terminated by mutual agreement of the parties or by either party, upon the failure of the other party to fulfill an obligation as set forth herein if the default is not cured within fifteen (15) days after written notice from the other party. The termination of this Agreement shall extinguish all rights, duties, obligations and

liabilities of the ODC and Company under this Agreement, except all rights, duties, liabilities, and obligations accrued prior to such termination shall survive termination.

- 5.5 **Counterparts:** This Agreement may be executed in any number of counterparts, each of which shall be deemed an original and constitute one and the same instrument.
- 5.6 **Venue:** The obligations of the parties to this Agreement are performable in the City of Odessa, which is located primarily in Ector County, Texas, and if legal action is necessary to enforce same, exclusive venue shall lie in Ector County, Texas.
- 5.7 **Legal Construction:** In case one or more of the provisions contained in this Agreement shall for any reason be held invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provisions hereof and this Agreement shall be construed as if such invalid, illegal or unenforceable provision had never been contained herein. There shall not be a higher duty or responsibility for any party because they draft the Agreement.
- 5.8 **Law:** This Agreement is subject to all legal requirements in the City Charter, the Code of Ordinances and all other applicable state and federal laws, and Company agrees that it promptly will comply with all such applicable laws, regulations, orders and rules of the State, City and other such governmental agencies. This Agreement shall be governed by and construed in accordance with the laws and court decisions of the State of Texas. Federal and State law shall prevail over local law or regulations.
- 5.9 **Assignment:** This Agreement may only be assigned with the mutual consent of both parties. The Agreement may not be assigned to an entity that is exempt from ad valorem property taxes. In the event that the assignment by Company is to an entity that is exempt from ad valorem property taxes or not approved by ODC and City of Odessa, the total grant amount shall be repaid by Company to ODC within 60 days and Section 3.4 regarding incentives earned shall not be applicable.
- 5.10 **Representation:** Company represents that no ODC board member, City officer, or employee, has been compensated in any way with respect to this Agreement and its consideration. In no event will Company pay a fee to or in any other manner compensate any ODC board member, City officer, or employee, in connection with the approval of this Agreement. A breach under this Article shall result in automatic termination under this Agreement by Company.
- 5.11 **Notices:** All notices to either party by the other required under this Agreement shall be delivered personally or sent by certified or U.S. mail, postage prepaid, addressed to such party. All notices shall be deemed given on the date so delivered or so deposited in the mail, unless otherwise provided herein. Either party hereto may change the above address by sending written notice of such change to the other in the manner provided herein.
- 5.12 **Other Contracts:** It is understood by Company that the ODC has heretofore entered, and may hereafter enter into contracts with other companies or persons upon terms and conditions different from the terms and conditions of this contract, and Company has no objection whatsoever to any such other contracts.

- 5.13 **City of Odessa:** The words "City" or "City of Odessa" shall mean both the area that is within the City limits of the City of Odessa and in its extraterritorial jurisdiction and any area that ODC would determine is beneficial to the City on a project by project basis.
- 5.14 **Benefit and Binding Effect:** This Agreement is subject to the approval of the City Council of Odessa, Ector County, Texas, and shall not be effective until the City Council's approval is received. In the event the property where the project is to be located is outside the city limits, it shall also require the approval of Ector or Midland County Commissioners' Court to be effective.
- 5.15 **Settlements:** In the event difficulties occur in the performance of an economic development agreement (which do not rise to the level of substantially altering the contract), which may require the consideration of settlement proposals, the ODC Board, at a regular ODC board meeting, can approve such settlement agreements by written agreement without City Council action.
- 5.16 **Contra Proferentem:** It is agreed that the Doctrine of Contra Proferentem, the doctrine whereby an ambiguous contract will be interpreted against its author, shall not apply in the interpretation of this contract.

VI.

Chapter 2264, Texas Government Code

- 6.1 **Purpose:** The purpose of this Article is to comply with H.B. 1196 (Chapter 2264, Texas Government Code) adopted in the 2007 Legislative Session by the State of Texas. The terms used are as defined in the statute.
- 6.2 **Conditions:** Company agrees to the following conditions:
- .1 Company certifies that the business, or a branch, division, or department of the business, does not and will not knowingly employ an undocumented worker. An undocumented worker means an individual who, at the time of employment, is not: (A) lawfully admitted for permanent residence to the United States; or (B) authorized under law to be employed in that manner in the United States.
 - .2 Company agrees that ODC is an "economic development corporation" as defined in the statute and the benefit or assistance provided to Company is a "public subsidy" as defined in the statute.
 - .3 If after receiving the public subsidy, the Company, or a branch, division, or department of the Company, is convicted of a violation under 8 U.S.C. Section 1324a(f), the Company shall repay the amount of the public subsidy with interest, not later than the 120th day after the date ODC notifies the Company of the violation. Interest shall begin to accrue on the day that the Company is given notice of the violation at a rate of one percent (1%) per month. Interest stops accruing on the date the Company mails or electronically transmits payment.
 - .4 ODC may bring a civil action to recover any amounts owed to ODC under this Article and Chapter 2264, court costs and attorney fees.

.5 Company is not liable for a violation of this Article and Chapter 2264 by a subsidiary, affiliate, or franchise of the Company, or by a person with whom the Company contracts.

Executed this the 25th day of Jan, 20 .

ATTEST:

"ODC"
ODESSA DEVELOPMENT
CORPORATION

Norma Aguilar-Grimaldo, Assistant Secretary

By: _____
Betsy Triplett-Hurt, Board President

"COMPANY"
HAM YUNG LLC

By: Yung Hwan Ham
Yung Hwan Ham, Owner

FOR APPROVAL ONLY:
"CITY"
CITY OF ODESSA

By: _____
Michael Marrero, Interim City Manager

APPROVED AS TO FORM:

Larry Long, City Attorney

(ODC)

STATE OF TEXAS §
COUNTY OF ECTOR §

BEFORE ME, the undersigned authority, on this day personally appeared Betsy Triplett-Hurt, Board President, known to me to be the person whose name is subscribed to the foregoing instrument and acknowledged to me that she executed the same in the capacity stated, as the act of the said Odessa Development Corporation, for the purposes and consideration therein expressed.

GIVEN UNDER MY HAND AND SEAL of office this _____ day of _____, A.D., 20____.

Notary Public in and for the State of Texas

(COMPANY)

STATE OF TEXAS §
COUNTY OF ECTOR §

BEFORE ME, the undersigned authority, on this day personally appeared Yung Hwan Ham, known to me (or proved to me on the oath of Yung Hwan Han or through _____ [description of identity card or other document]) to be the person whose name is subscribed to the foregoing instrument and acknowledged to me that he executed the same in the capacity stated, as the act of the said corporation, for the purposes and consideration therein expressed.

GIVEN UNDER MY HAND AND SEAL of office this 23rd day of January, A.D., 2018.



Lynda Inman
Notary Public in and for the State of Texas

EXHIBIT "A"
FAÇADE BUSINESS INVESTMENT

Donwntown Odessa Facade Improvement Program
 Company Name: Crenshaw Carpet - Yung Ham LLC.
 Company Address: 615 E 8th Street, Odessa, Texas 79761
 Owner Name: Mr. Yung Ham

BUSINESS INVESTMENT		
INVESTMENT	EXPLANATION OF WORK	COST ESTIMATE
Paint	Wash, Prime and Paint Exterior	\$27,552.00
Demo	Demo for Front Awning Construction	\$4,625.00
Rental	Scaffolding and Lift	\$2,500.00
Awning	New Copper Colored Metal Roofing for Awning	\$16,338.00
BUSINESS INVESTMENT SUBTOTAL:		\$51,015.00
FACADE GRANT		
CODE IMPROVEMENT	EXPLANATION OF WORK	COST ESTIMATE
Frame Construction	Wood Frame Construction	\$17,243.00
Awning	New Copper Colored Metal Roofing for Awning	\$9,832.00
Stucco Band	Special Stucco Band at Top Sections on South Face Only	\$2,925.00
FACADE GRANT SUBTOTAL (MAXIMUM BENEFIT REQUEST):		\$30,000.00
TOTAL BUSINESS/PROPERTY INVESTMENT:		\$81,015.00

ITEM

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Committee Reports